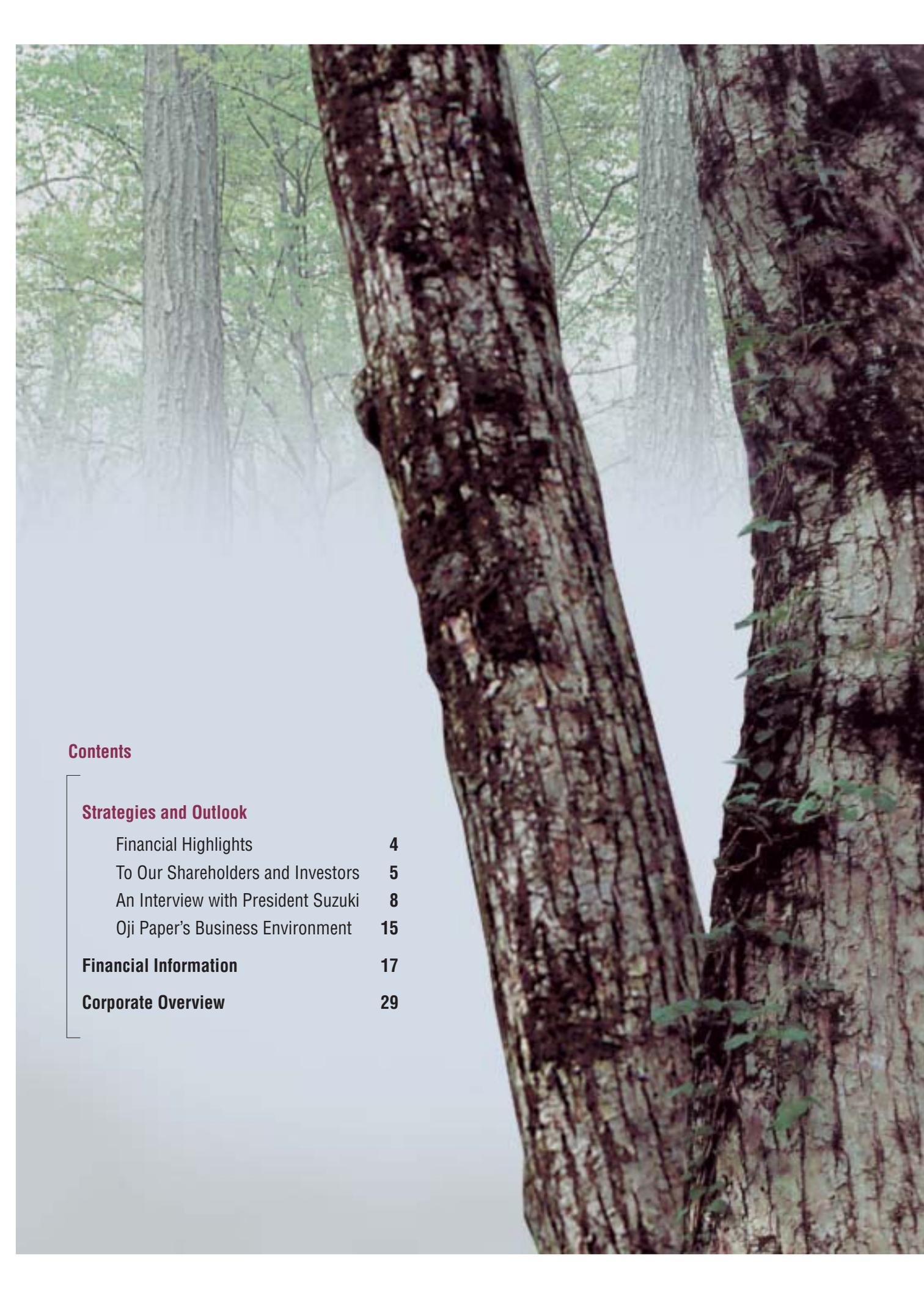
The background features a photograph of a tree with green leaves and a brown trunk. A large, white, curved paper-like shape overlaps the top and right sides of the image, creating a layered effect.

nt **Growth**
orporation
an

Meeting the **Challenge** of the **Global Market**

Oji Paper in Perspective, 2002

Year Ended March 31, 2002



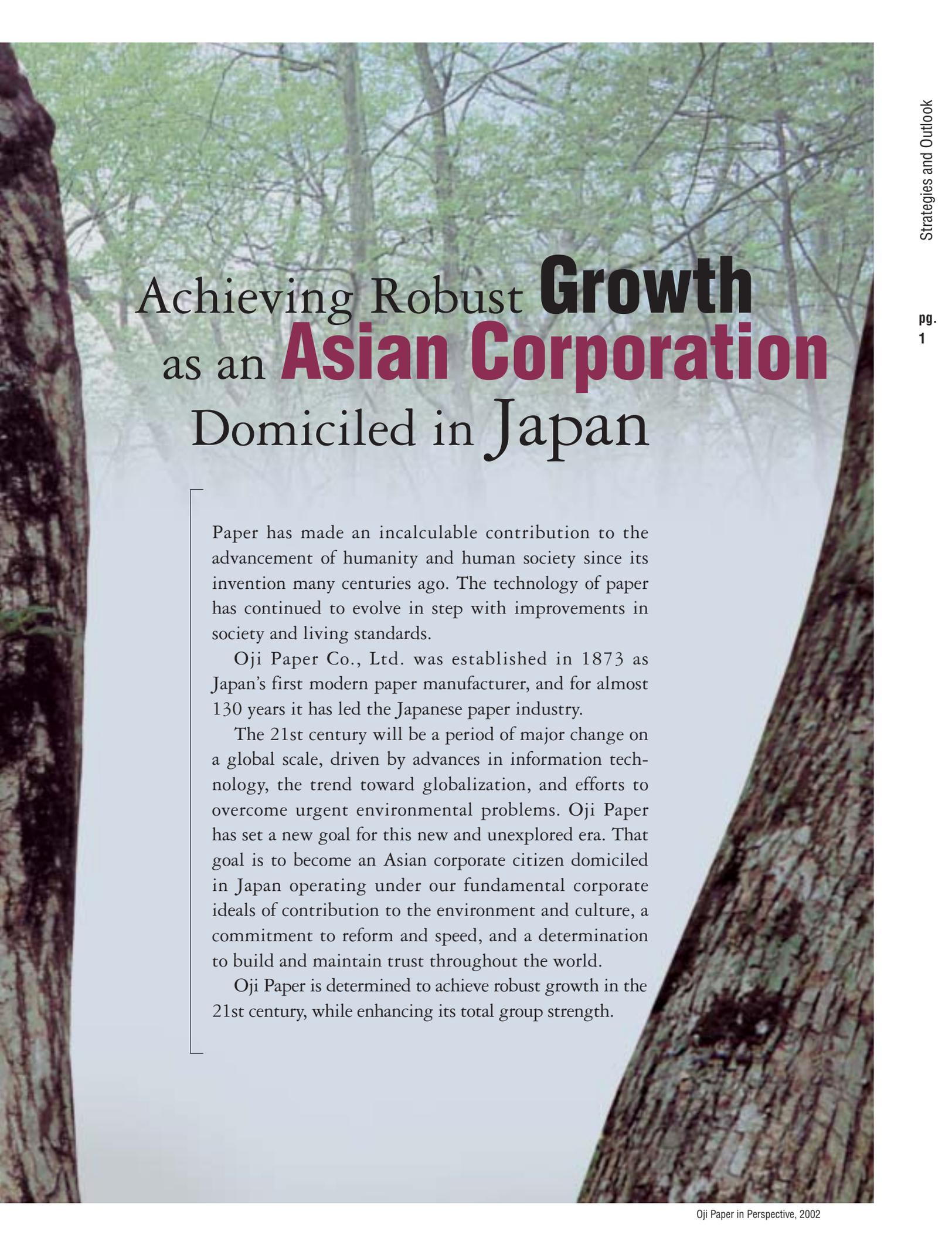
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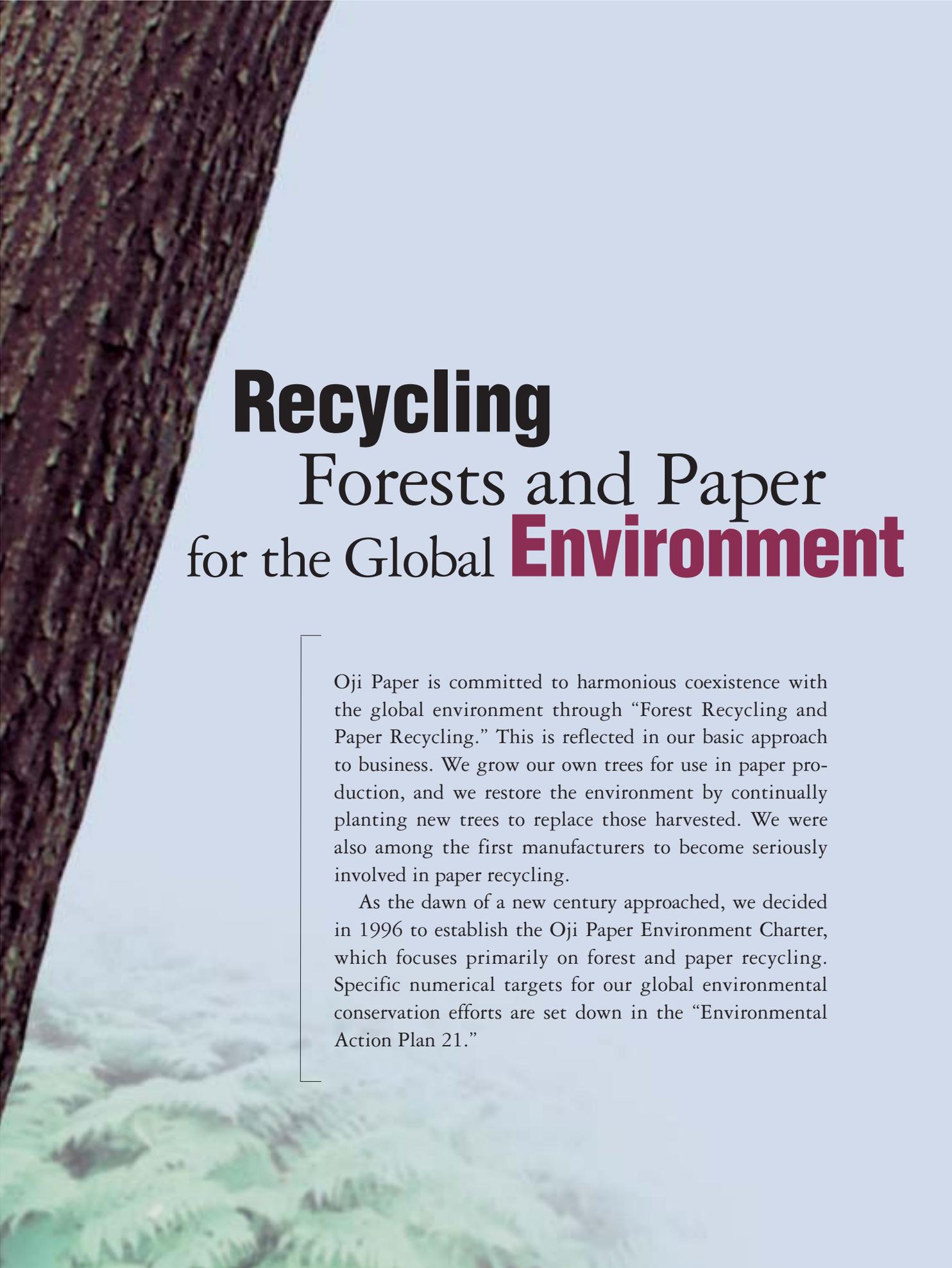
Achieving Robust **Growth** as an **Asian Corporation** Domiciled in Japan

Paper has made an incalculable contribution to the advancement of humanity and human society since its invention many centuries ago. The technology of paper has continued to evolve in step with improvements in society and living standards.

Oji Paper Co., Ltd. was established in 1873 as Japan's first modern paper manufacturer, and for almost 130 years it has led the Japanese paper industry.

The 21st century will be a period of major change on a global scale, driven by advances in information technology, the trend toward globalization, and efforts to overcome urgent environmental problems. Oji Paper has set a new goal for this new and unexplored era. That goal is to become an Asian corporate citizen domiciled in Japan operating under our fundamental corporate ideals of contribution to the environment and culture, a commitment to reform and speed, and a determination to build and maintain trust throughout the world.

Oji Paper is determined to achieve robust growth in the 21st century, while enhancing its total group strength.



Recycling Forests and Paper for the Global **Environment**

Oji Paper is committed to harmonious coexistence with the global environment through “Forest Recycling and Paper Recycling.” This is reflected in our basic approach to business. We grow our own trees for use in paper production, and we restore the environment by continually planting new trees to replace those harvested. We were also among the first manufacturers to become seriously involved in paper recycling.

As the dawn of a new century approached, we decided in 1996 to establish the Oji Paper Environment Charter, which focuses primarily on forest and paper recycling. Specific numerical targets for our global environmental conservation efforts are set down in the “Environmental Action Plan 21.”

THE OJI PAPER ENVIRONMENT CHARTER (ESTABLISHED IN 1997)

Basic Concept

Oji Paper will obey all environmental regulations, while at the same time making its own efforts to improve the environment. Oji Paper will contribute as a global citizen by the promotion of “forest recycling,” by which we mean tree-planting projects, and paper recycling.

ENVIRONMENTAL ACTION PLAN 21 (AMENDED IN 1999/TARGET YEAR: 2010)

Paper Recycling

- Oji Paper will increase the paper recycling ratio, defined as the percentage of recycled paper included in our products, to at least 70%.
- The Oji Paper Group will achieve a paper recycling ratio of at least 60% by 2005.
- The Oji Paper Group has increased the volume of paper it recycles to at least 25% of all paper recycled in Japan. (This goal has already been achieved.)

We have made significant progress in our efforts to promote the recycling of paper products, especially newsprint and containerboard, and are now increasing the use of old magazines and office paper.

“Forest Recycling”

- Oji Paper will plant 200,000 hectares of forests overseas.

By the end of March 2002 we had already planted almost 140,000 hectares.

- Oji Paper will reduce net CO₂ emissions by at least 30%, including the absorption effect of tree-planting activities, compared with the 1990 level.

By 2010 an estimated 56% of our total CO₂ emissions will be fixed in our forests.

Energy Measures

- Promoting Energy Conservation
- We will reduce consumption of purchased energy per unit of production by 10% compared with the 1990 level.

By the end of March 2001, Oji Paper had reduced its consumption of purchased energy (electricity and fossil fuel bought from other countries) per unit of production by 6.5% relative to the 1990 level.

Environmental Measures/Environmental Management System

- Oji Paper will establish an enhanced environmental management system.

There is an Environmental Committee chaired by the director responsible for environmental matters. All mills have their own environmental committees and environmental management departments.

- We will work toward ISO14001 accreditation. (This goal has already been achieved.)

On October 5, 2001, we had achieved accreditation at all mills.

[Reduction and Effective Utilization of Waste]

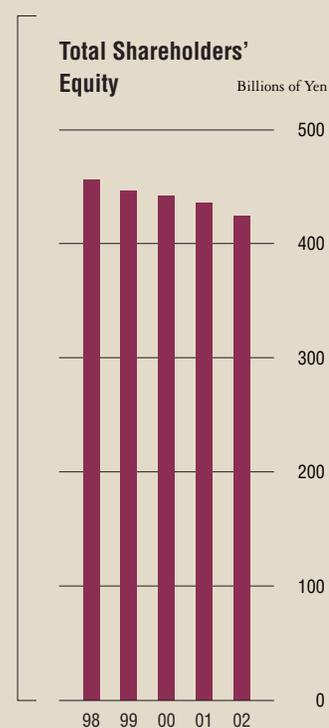
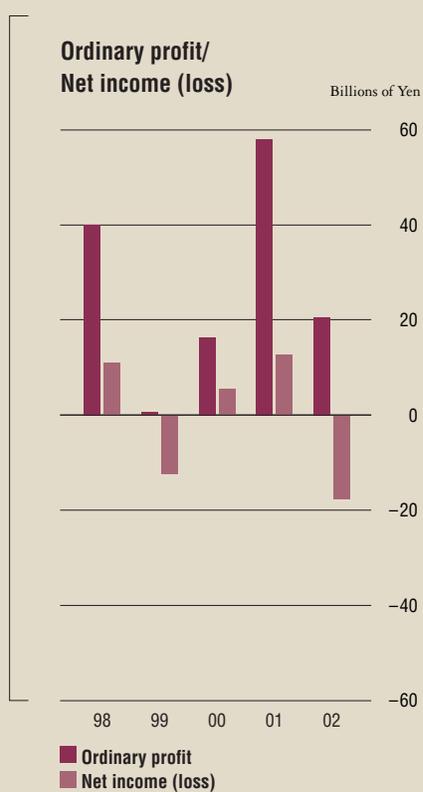
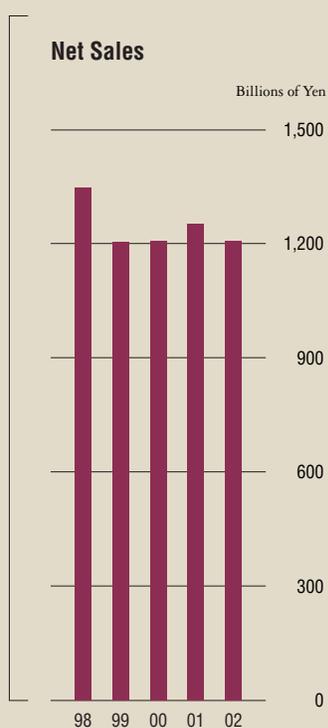
- Our ultimate goal is to reduce landfill waste to zero.
- We will increase our effective waste recycling ratio to at least 95%.

This goal will be achieved through sophisticated waste recycling methods, including the thermal conversion of unrecyclable used paper.

In the year ended March 2001, the final disposal ratio was 0.8%, and the effective utilization ratio was 85.9%.

[Financial Highlights]

Years ended March 31,	Billions of Yen				
	1998	1999	2000	2001	2002
Net sales	¥1,348.7	¥1,206.2	¥1,205.5	¥1,252.9	¥1,203.8
Ordinary Profit	40.0	0.6	16.3	58.2	20.1
Net income (loss)	11.0	-12.4	5.6	12.8	-17.7
Per share date (in yen):					
Net income (loss) per share	10.67	-12.00	5.45	12.37	-17.13
Cash dividends per share	10.00	8.00	8.00	8.00	8.00
As of March 31					
Total assets	1,795.5	1,757.2	1,723.4	1,704.3	1,632.1
Total shareholders' Equity	456.2	446.6	442.1	436.6	424.3
Common stock	103.9	103.9	103.9	103.9	103.9
Number of shareholders	87,260	86,559	85,416	89,171	82,859



[To Our Shareholders and Investors]



Left: Masahiko Ohkuni
Chairman

Right: Shoichiro Suzuki
President & CEO

I am pleased to introduce the 2002 edition of this overview of the activities of Oji Paper. Our results for the year ended March 31, 2002 are outlined in the following pages, together with an overview of the business activities of the Oji Paper Group.

Economic Stagnation

For more than a decade, Japanese society has been freeing itself from the closed systems of the past and building new systems in preparation for the advent of full-scale globalization. Unfortunately these efforts have yet to produce tangible results, and our economy continues to stagnate. In fiscal year 2001, the U.S. economy slowed in the wake of the September 11 terrorist attacks, and there was also a slump in the IT sector. Within Japan, these and other factors dealt a harsh blow to indicators that were beginning to look relatively healthy, and the domestic economic environment became even more difficult.

The Japanese pulp and paper industry has not been immune from the effects of deteriorating economic conditions. There has been a decline in the volume of paper used in manuals and advertising for IT products, while paperboard sales have shrunk due to the stagnation of demand for personal computers,

electrical appliances and foodstuffs. These trends are reflected in decreased sales of both paper and paperboard. In this harsh business environment, the Oji Paper Group focused its efforts primarily on the creation of sales and production systems capable of adapting flexibly to a changing supply-demand balance. At the same time, we worked to restore and maintain product prices. We also worked to improve productivity by upgrading and expanding facilities and developing new environment-friendly products based on the utilization of waste paper and plantation trees if possible.

Unfortunately our results for the year ended March 31, 2002 showed substantial declines in earnings. At ¥1,203.8 billion, consolidated net sales were 3.9% lower year-on-year, while consolidated ordinary profit declined by 65.5% to ¥20.1 billion. As a result, there was a consolidated net loss of ¥17.7 billion due to the write-down of our stock portfolio.

Preparing for a New Growth Phase under a New Plan

This harsh business environment was reflected in disappointing results for the Oji Paper Group in fiscal year 2001. However, it was also a year in which the Group demonstrated its strong commitment to future growth and took bold steps toward the realization of that goal. In June 2001, we announced a Medium/Long-Term Management Plan covering the period to fiscal year 2005. The plan encompasses reforms in three key areas: the improvement of earning power, the strengthening of financial structure, and the establishment of new directions for growth. It also calls for the achievement of consolidated ordinary profit of ¥100 billion in the year ended March 31, 2005.

In fiscal year 2001, which was the first year of the plan, we aggressively restructured and amalgamated group companies. In July sales of containerboard were integrated under a newly established company, Oji Paperboard Co., Ltd. In October regional corrugated container companies were merged into Oji Container Co., Ltd., while the five distribution subsidiaries became Oji Logistics Co., Ltd. In addition, the two trading companies in the Oji Paper Group were merged into Oji Trading Co., Ltd. These changes were implemented to improve business efficiency. In 2002 Oji Paper Group will further restructure its containerboard business and Oji Paper will spin-off its four mills which produce containerboard. Oji Paperboard will merge with the three containerboard manufacturers in the Group, Chuo Paperboard, Takasaki Sanko and Hokuyo Paper, while at the same time integrate with the four spun-off mills of Oji Paper. This process will result in the creation of an integrated structure, with Oji Paperboard handling all stages from production to sales.

Another focus was the expansion and improvement of production facilities. In October 2001 we restructured boxboard production operations at the Fuji Mill, and in March 2002 we completed the expansion of recycled paper pulping facilities at the Tomakomai Mill.

Sustained Robust Growth in the 21st Century

There are early indications that the performance of the Japanese economy has started to bottom out, and domestic economic performance is expected to shift to a gradual recovery trend in fiscal year 2002. However, the pulp and paper industry will continue to suffer from the effects of economic stagnation, and further negative growth is anticipated.

The Oji Paper Group has already refocused its Medium/Long-Term Management Plan toward the improvement of earning power through cost reductions based on internal restructuring. We have already started to implement measures under the plan, which does not rely on demand growth. In the new fiscal year we will use this restructuring as the foundation for efficient and flexible production systems. We will also continue our efforts to maintain and restore product prices and expand sales.

Pulp and paper industry manufacturing is a maturing industry in Japan. Future growth will depend on strategies that are based on broad perspectives. We believe that Asia offers growth opportunities for Oji Paper. The Chinese market is expected to show particularly rapid growth. In China the Oji Paper Group has established a corrugated containerboard subsidiary in Qingdao and another in Shanghai to manufacture high-quality thermal papers. It is also preparing to establish a forest plantation business in the Guangxi Zhungzu Autonomous Region. We plan to expand our activities in the Chinese market still further in the future.

Oji Paper has been an important player in the Japanese pulp and paper industry for almost 130 years. This tradition, which few companies can match, is an important asset and a source of great confidence for us. We are not afraid to implement bold reforms, and we will use our tradition as the foundation stone of a corporate group structure capable of sustaining robust growth in the 21st century. We look forward to the continuing support of our investors and shareholders.

June 2002

Masahiko Ohkuni
Chairman



Shoichiro Suzuki
President & CEO



[An Interview with President Suzuki]



Shoichiro Suzuki
President & CEO

Q.

In June 2002 you announced changes to the Medium/Long-Term Management Plan formulated in 2001. What were the reasons for those changes?

We adjust our Medium/Long-Term Management Plans annually to reflect progress each year. Under the 2001 plan, our target was to achieve consolidated ordinary profit of ¥100 billion in fiscal year 2004 (year ending March 31, 2005). This was based on our fiscal year 2000 result of ¥58.2 billion. After the plan was announced, it became apparent that domestic demand for paper and paperboard was finally peaking. We therefore decided to adjust the plan to reflect this difficult business environment.

Most raw material industries in Japan experienced market saturation and near-zero demand growth in the 1990s. Yet the paper industry continued to enjoy demand expansion even during the so-called “lost decade.”

I believe that this growth trend has now reached its limit. Even while demand continued to expand, the paper industry went through repeated cycles of winnowing and alliance formation. Today the top three groups control 60% of the market. There is little scope for further volume growth in our domestic sales of paper and paperboard, in part because of restrictions under the Antimonopoly Law.

Q.

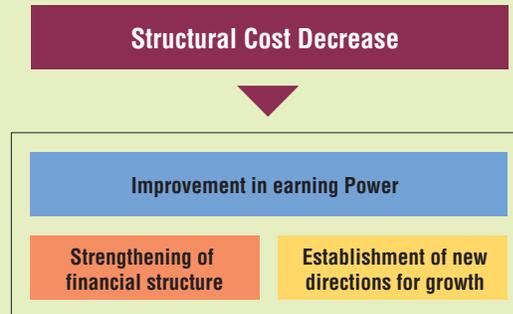
Do you expect business conditions in the paper industry to remain harsh?

Q.

What are the basic targets under the Medium/Long-Term Management Plan?

The most important target, ordinary profit of ¥100 billion in fiscal year 2004, remains unchanged, as do the various other numerical targets on which that figure is based. This aspect of the plan was the biggest focus of debate. We have adopted a range of policies designed to achieve our target. The key areas that we have identified are the improvement of earning power, the strengthening of financial structure, and the establishment of new directions for growth. Despite the harshness of the present business environment, we believe that we can reach the target by channeling more effort into these areas.

Overview of the Medium/Long-Term Management Plan



The Oji Group is the fifth biggest paper manufacturer in the world in terms of the scale of our operations. However, our profile in terms of earning power does not match that scale. The improvement of earning power is absolutely vital to our ability to compete with leading European and North American manufacturers. We are predicting sales of ¥1,200 billion in fiscal year 2004. Ordinary profit of ¥100 billion is the minimum needed to achieve a sales-income ratio of 8% in that year. As growth in the domestic market slows down, all paper manufacturers will shift their focus from market share expansion to the improvement of earning power.

Q.

What is the reason for this strong commitment to the income target for the final year of the plan?



[An Interview with President Suzuki]

Q.

What are the differences between the current plan and the previous one?

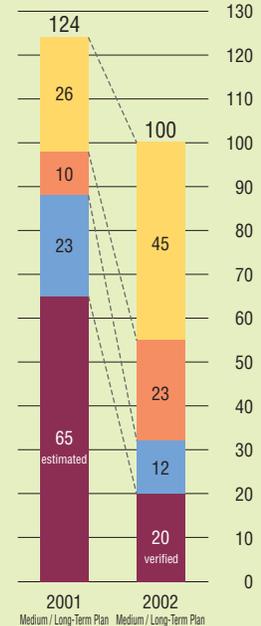
The plan that we adopted in 2001 was based on our prediction that we could achieve consolidated ordinary profit in excess of ¥100 billion, ¥124 billion to be specific. For the 2002 amendment of the plan, we chose ¥100 billion as a base figure that we would achieve at all costs, and we adjusted our various numerical targets on this basis. Because of the dramatic changes, including a price war, which affected the market environment between 2000 and 2001, we have switched to a plan under which the target will be attained solely through internal efforts, including cost-cutting measures.



As I stated earlier, we originally drew up the current Medium/Long-Term Management Plan in 2001. Subsequently there was a sharp decline in demand for paper and paperboard in Japan, and it became apparent that the Japanese domestic market had reached saturation point. Global competitiveness will be increasingly important in the future, given the limited potential for growth in the domestic market, and we must enhance our ability to compete by improving our earning power. The changes to the current Medium/Long-Term Management Plan should be seen as an adjustment toward an emphasis on cost reduction, and toward realistic goals that will be less vulnerable to external influences.

Income Increase Factor Comparison

(FY 2004 Basis) Billions of Yen



Cost Reduction
Personnel Reduction
Management Factors
FY 2001 Ordinary Profit

Q.

So you intend to ease back on sales plans and work more aggressively to reduce costs?

The plan announced in 2001 already included a variety of forward-looking cost-cutting measures. To increase the level of savings, we will implement a structural cost-cutting program across the entire Oji Paper Group. We will improve facility efficiency by transferring production items between mills, and we will withdraw from unprofitable activities through an accelerated program of mergers and closures affecting group companies. We will also step up existing measures. The plan calls for the achievement of savings of ¥19 billion in addition to the initial target.

Q.

How do you intend to increase your emphasis on cost-cutting as the main focus of the revised plan?

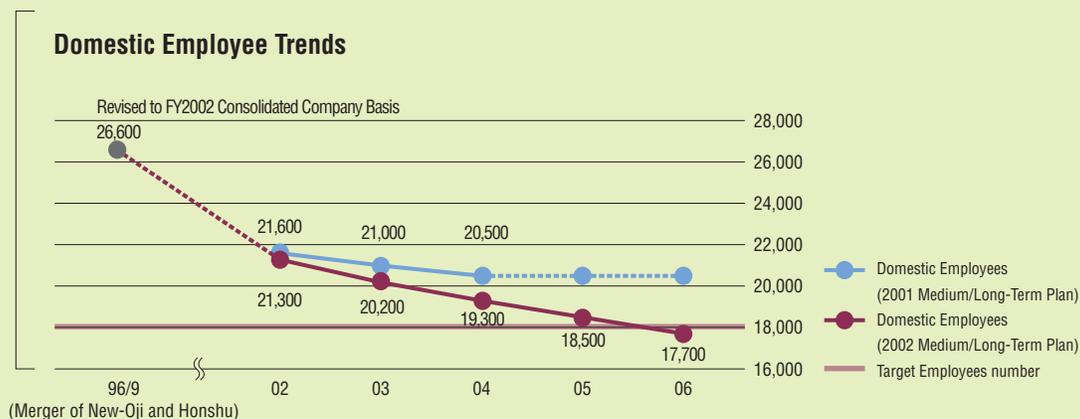
Cost Reduction Break Down (FY2002—2004) Billions of Yen

	2001 Medium/ Long-Term Plan	Additional Measures	2002 Medium/ Long-Term Plan
Boxboard Production restructuring	2	+3	5
Containerboard restructuring	2	+2	4
Corrugated container business restructuring	1		1
Engineering system restructuring	2.5		2.5
Logistics improvement	3.5		3.5
Energy conversion	3		3
Waste paper processing facility enhancement	3		3
Raw material measures		+5	5
Continuing cost reduction	9	+9	18
Cost reduction total	26	+19	45

Q.

Does the amended plan provide for additional reductions in labor costs?

In 1996 the Oji Paper Group employed 26,600 people. Since then the number has been reduced by almost 5,000. Last year we thought that it would be reasonable to target a further reduction of 1,100 by 2004, but we plan to reduce that by another 2,500, making the total reduction 3,600. Structural reforms, including mergers among group companies and efficiency improvements at plants, will lead to cost savings and reductions in labor expenses. We believe that we can achieve our goal through increased efforts in these areas.



[An Interview with President Suzuki]



Of course we are also working to strengthen our selling power. We currently produce about 7 million tons of paper and paperboard annually. If we could look forward to higher product prices, we would be able to set higher sales targets. However, domestic demand is close to the saturation point, and we cannot afford to be optimistic with our sales targets. We want to make steady progress toward our targets without being deflected by external factors. That is why we have set extremely conservative targets for both the volume and value of sales. Those targets are based on current prices and the assumption that sales volumes will recover close to the level of fiscal year 2000.

Q.

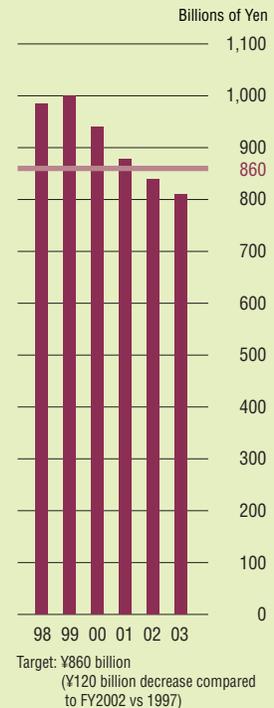
Would you agree that the sales targets set down in the current Medium/Long-Term Management Plan are somewhat conservative?

Q.

How do you plan to strengthen your financial structure?

Basically we target reducing interest-bearing debt to below 50% of sales, but we are not sticking this rigorously as long as we can maintain a balance between debt repayment and investment. Effective capital investment is vital in this capital-intensive industry. In the present low-interest environment, we need to give priority to investment in facility upgrades rather than debt repayment. We will continue to hold the 64% line reached in fiscal year 2001 and invest aggressively with the surplus fund.

Interest-Bearing Debt Balance Trends

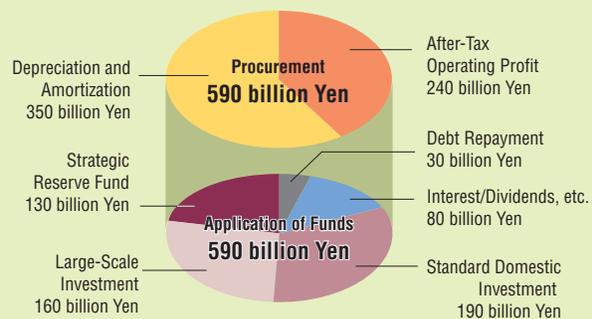


Q.

How do you plan to fund this increased investment?

We have funds totaling ¥590 billion, of which we plan to use ¥480 billion for investment. Our total investment will include capital investment of ¥350 billion in Japan. We urgently need to upgrade our facilities so that we can improve productivity. We are currently installing refuse-paper-and-plastic fuel (RPF) boilers in Tomakomai and Oita mills, and will follow up in several other mills. We reserve ¥130 billion for the “strategic reserve fund,” to deal with sudden matters such as M&A.

Capital Plan (FY2002 – 2005)



I want Oji Paper to have even greater growth potential, and we can find that potential in overseas markets. China is especially promising. Paper consumption in China has risen by 9% annually over the past 15 years, and we cannot afford to ignore this important market.

I believe that we should use a variety of investment formats in China, including the acquisition of local companies or the establishment of our own ventures. In my view, we can increase our chances of success by forming joint ventures that combine our production capabilities with the sales capabilities of local companies. We should take every opportunity to invest in good projects. In last year's Medium/Long-Term Management Plan we signaled our intention to invest actively in other countries. Since then, we have been able to gather a variety of useful information, and we are currently evaluating a range of interesting projects.

Q.

You also have a forward-looking overseas investment program. What kind of investments do you plan?

Q.

What is the significance of your corporate vision of Oji Paper as an “Asian corporation domiciled in Japan”?

While Japan is barely able to achieve 1% economic growth, there are many Asian economies that continue to register growth rates of several percent. Our future goal is to build a corporate group with broad links throughout Asia, by producing and selling paper in China and other Asian countries. Based on our experience in countries around the world, I am convinced that we can gain an important advantage over leading European and North American companies thanks to our in-depth knowledge of paper production at all levels from management

to production, and efficient production systems based on advanced technology.

Advancing Into the Asian Market



Preceding the obligation of consolidated-basis accounting system in Japan, we have been working for some time to restructure our group companies to facilitate consolidated management. We are increasing our focus on core activities. Our decision to sell Eishogen, a highly successful liquor manufacturer, to Kirin Brewery, was based on this strategy of concentration. We have decided to hold Group Management Conferences, and have already changed group-based human resource and wage systems.

Q.

Consolidated management of group companies is becoming increasingly important. What are the implications for Oji Paper?

Q.

Do you have a message for Oji Paper’s shareholders and investors?

The Japanese paper industry has huge potential. Although the Japanese market is nearing saturation, it faces a panorama of new and rapidly growing markets in Asia, and even in Japan it is starting to grow—not the sales but the profit. The Oji Paper Group is well positioned to excel in this environment. We are determined to maintain robust growth in the 21st century, and to play a leading role as the industry enters a new growth phase. We are working to maximize the potential of our excellent human resources, enhance our ability to develop advanced technology, and strengthen our selling power. I expect efforts in this areas to translate into healthy growth for Oji Paper in the future.

[Oji Paper's Business Environment]

[World Trends in the Pulp and Paper Business]

Paper Production and Consumption

In 2000, the world pulp and paper industry produced approximately 189 million tons of pulp and 323 million tons of paper and paper-board. Many North American and European companies are involved in all aspects of forest products, from timber production to distribution. In contrast, the Japanese industry consists mainly of pulp and paper manufacturers.

Paper consumption is closely linked to economic scale. The United States is the world's biggest consumer, with China in second place since 1997. Japan is the third largest consumer of paper. The United States also ranks first in terms of consumption per capita, while Japan is in seventh place. China's consumption per capita is still equivalent to only one-tenth of the Japanese figure, indicating that there is considerable growth potential in the Chinese market

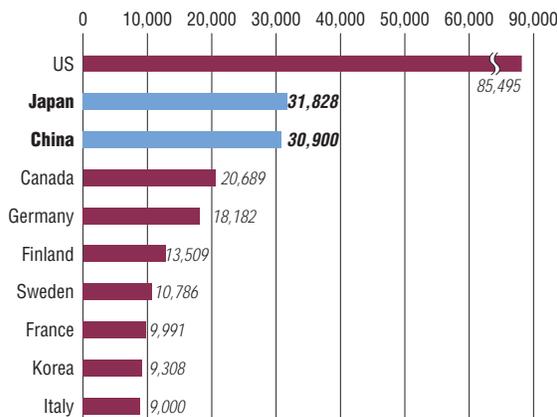
Recent Changes in the Market Environment

The Oji Paper Group worked actively to expand the use of hardwood chips.

Eucalyptus trees are ready for harvesting in about seven years. Because the resource utilization cycle is short, the rate at which wood chips can be procured for use in paper production is dramatically higher.

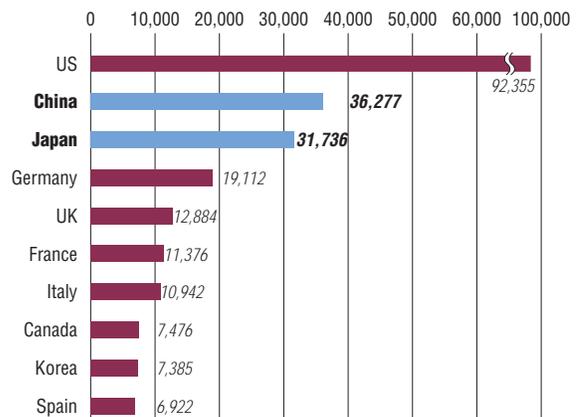
Used paper is also becoming increasingly valuable as a raw material for paper production. Japan is poor in natural resources, but it has large quantities of high-quality used paper. There is strong public awareness that the world's natural forests are a finite resource, and it is possible that the world's paper manufacturing industries will change dramatically with the emergence of major new sources of raw materials, especially forest plantations and used paper.

World's Top 10 Producers, 2000 (1,000 tonnes)



Source: PPI 2001 Annual Review

World's Top 10 Consumers, 2000 (1,000 tonnes)



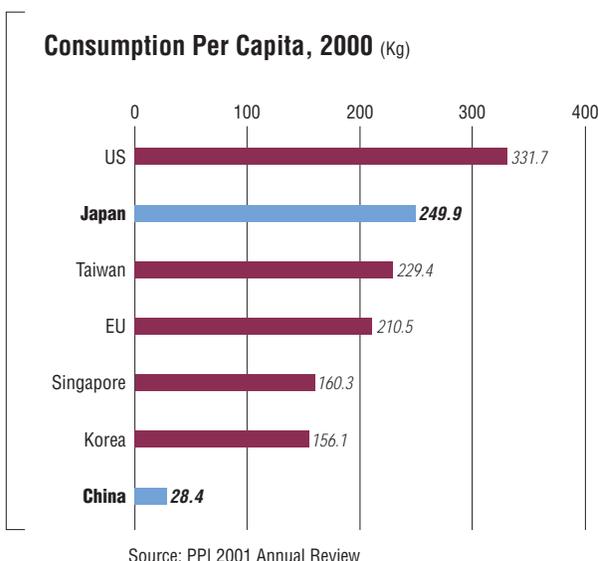
Source: PPI 2001 Annual Review

[Oji Paper's Business Environment]

[The Business Environment for the Japanese Pulp and Paper Industry]

Japan produces and consumes almost 30 million tons of paper and paperboard, or about 10% of the world totals. About 5% of this output is exported, while imported paper accounts for just 4% of domestic consumption. As these figures indicate, the industry is focused primarily on domestic demand, and the role of overseas markets and sources is small. However, imports of printing paper and office paper from East and Southeast Asia, have started to expand in recent years. In PPC paper (cut-sheet paper for photocopiers, etc.), imports from Southeast Asia stands for nearly 30% of the Japanese market.

Japan is a resource-poor nation. This is reflected in a high paper recycling ratio, and used paper recovered in Japan accounts for 56% of paper raw materials. The remainder is made from wood pulp, of which about 20% is imported. However, imported materials account for about 70% of the woodchips used to make pulp.



[The Business Environment for Oji Paper]

Oji Paper's International Position

The Oji Paper Group produces 67 million tons of paper and paperboard annually. This is equivalent to 24% of domestic production. Oji Paper ranks alongside Nippon Unipac Holdings as one of Japan's leading corporate groups. It is also one of the top ten paper manufacturing groups in the world.

Oji Paper's Advantages

As an integrated pulp and paper manufacturer, the Oji Paper Group produces all kinds of paper and paperboard. Because of this broad product coverage, Oji Paper is able to spread the impact of market price fluctuations.

Oji Paper has mills throughout Japan. Under its optimized production system, large-lot items are produced at major mills, while small mills are used for specialty products. Transportation costs make up a substantial part of the price of paperboard, which is made from used paper. Oji Paper has minimized those costs by taking advantage of distributed mills throughout Japan to facilitate the collection of used paper and reduce transportation costs.

Ranking of World's Pulp and Paper Manufacturing Companies, 2000

Ranking	Net sales (100 billion)	Company	Major Operating Country
1	216	International Paper	US, etc.
2	136	Georgia-Pacific	US
3	120	Procter & Gamble	US
4	104	Stora Enso	Europe, etc.
5	101	Oji Paper	Japan
6	100	Nippon Unipac Holdings	Japan
7	82	Smurfit-Stone Container	US
8	73	Kimberly-Clark	US
9	73	UPM-Kymmene	Europe
10	69	SCA	Europe
15	47	Asia Pulp and Paper (APP)	Indonesia, China
23	30	Daio Paper	Japan
27	24	Rengo	Japan
38	16	Mitsubishi Paper Mills	Japan
47	12	Hokuetsu Paper Mills	Japan

Ranking by Sales of Pulp and Paper Products Source: PPI Oct, 2001

Financial Information

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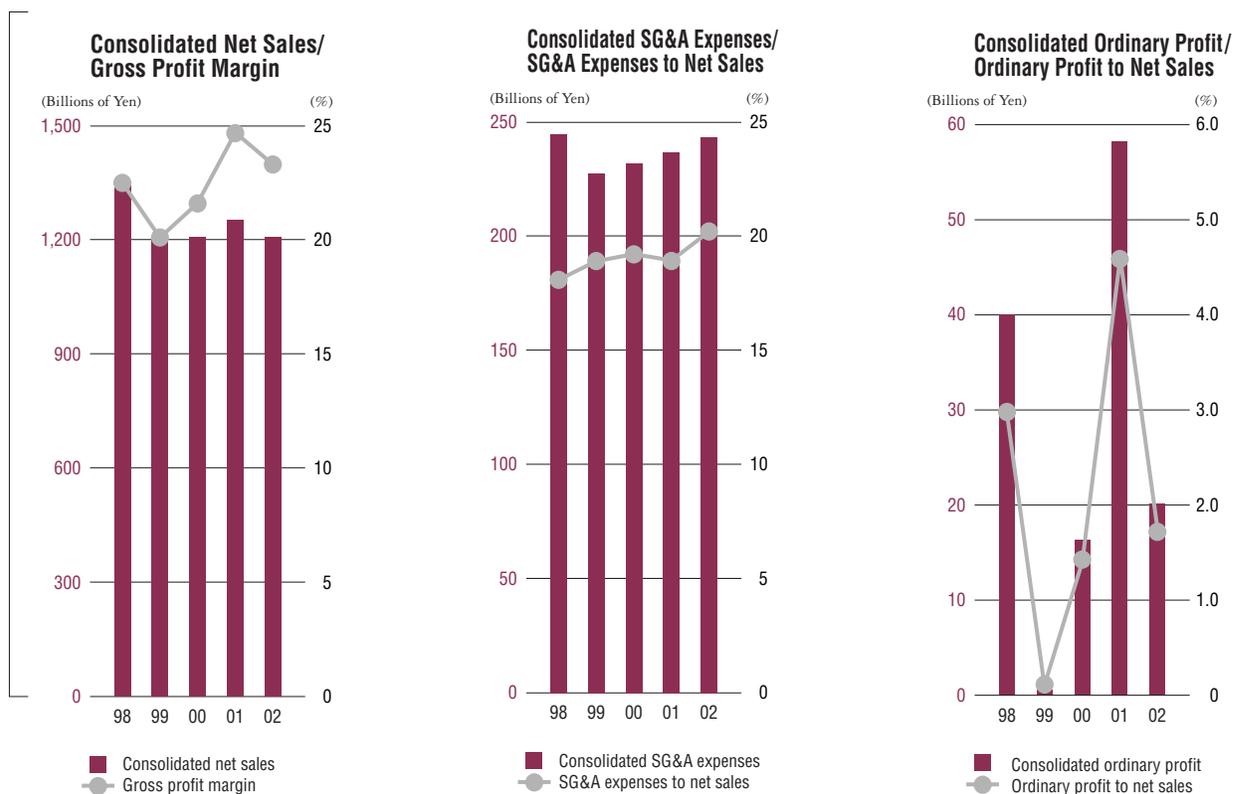
[Financial Review]

Conditions for the pulp and paper industry remained difficult in fiscal year 2001 (the year ended March 31, 2002). Paper demand fell due to decreased consumption of IT-related paper and a decline in advertising, at the same time paperboard demand also fell because of reduced demand in a number of sectors, including the electrical appliance and processed food industries. Market prices for paper showed moderate weakness but remained relatively firm overall. However, there was a sharp decline in paperboard prices, which were generally weak despite the emergence of a recovery in the second half of the year under review.

The Oji Paper Group worked to maintain prices in this environment by adjusting its production and sales policies to reflect demand trends in the market. We also implemented extensive cost-cutting measures affecting all aspects of our business operations, including steps to reduce energy consumption and labor-saving. As in the previous year, these efforts yielded significant results in fiscal year 2001.

Net Sales and Income

The market environment was harsh in fiscal year 2001. Consolidated net sales amounted to ¥1,203.8 billion, a decline of ¥49.1 billion, or 4%, compared with the result for fiscal year 2000. This result was reflected in consolidated operating income that was 50% lower at ¥36.3 billion, despite our determined efforts to reduce selling, general and administrative (SG&A) expenses. Consolidated ordinary profit was also substantially below the previous year's level at ¥20.1 billion.



There was a ¥30.3 billion valuation loss on investment securities due to the write-down of stock portfolios in the current year, and costs of ¥16.7 billion resulting from changes to the accounting standards for retirement benefits. Because these items were shown in the accounts in their entirety as extraordinary loss items, the end result was a consolidated net loss of ¥17.7 billion.

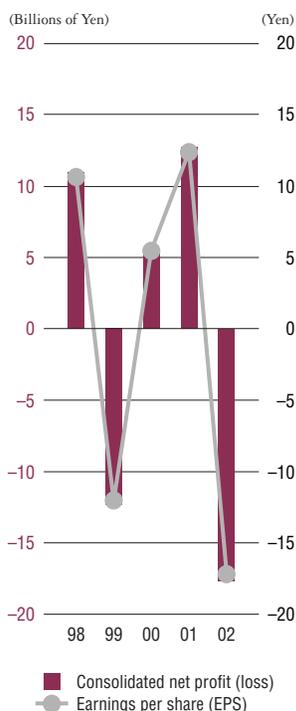
Segment Performance

Pulp and Paper Division

Demand for pulp and paper products was slack, and sales of paper and paperboard were below the previous year's level in volume terms. Market prices for paper remained weak throughout the year. Paperboard prices continued to stagnate, but prices recovered moderately in December, and prices remained at that level thereafter.

Net sales of pulp and paper products in fiscal year 2001 decreased by 5% to ¥699.4 billion in fiscal year 2001, compared with the previous year's result. Operating profit was significantly lower at ¥26.5 billion.

Consolidated Net Income (loss)/ Earnings Per Share (EPS)



Consolidated Net Sales by Segment

(Billions of Yen)



Consolidated Operating Profit by Segment

(Billions of Yen)



Converted Paper Product Division

Stagnant economic trends caused a decline in demand for corrugated containerboard, which is the leading product in this segment. Prices also weakened. Domestic sales of thermal paper marked time, but exports to the Chinese and Southeast Asian markets fell sharply because of competition from European and South Korean manufacturers.

Net sales of converted paper products in the fiscal year 2001 amounted to ¥343.9 billion, a decline of 4% from the previous year's level. Operating profit fell sharply to ¥3.1 billion.

Wood and Tree-Planting Division

Net sales in this segment fell by 6% from the previous year's level to ¥48.5 billion, reflecting a softening of market prices for timber. Operating profit was substantially lower at ¥900 million.

Other

Sales generated by other activities increased by 1% to ¥112 billion, in part because of higher sales of real estate acquired for sale. Operating profit was 19% down at ¥5.8 billion.



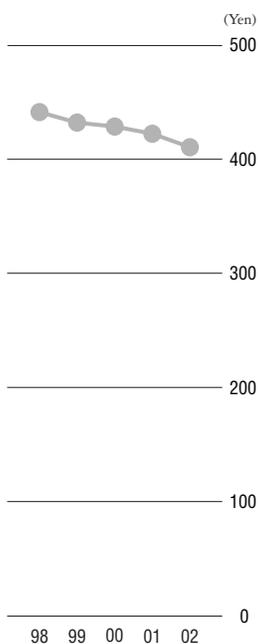
Financial Position

Consolidated total assets at the end of fiscal year 2001 amounted to ¥1,632.1 billion, a decline of ¥72.2 billion, or 4%, compared with the position at the end of fiscal year 2000. The main reason for the decline was a ¥58.6 billion reduction in current assets, especially accounts receivable–trade and inventories. Fixed assets declined by ¥13.6 billion, mainly due to the reduction of property, plant and equipment.

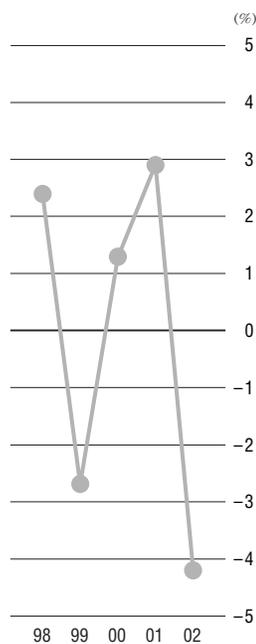
Total liabilities were cut by ¥59.9 billion, reflecting reductions in both current and fixed liabilities. Total short-term and long-term bank loans were reduced to ¥569 billion, ¥13.7 billion lower than the position at the end of the previous fiscal year.

Shareholders' equity declined by ¥12.4 billion to ¥424.3 billion, in part because of the use of consolidated reserves to pay dividends. As a result, the consolidated shareholders' equity ratio rose by 0.4 points to 26.0%.

Book-value Per Share



Return on Equity



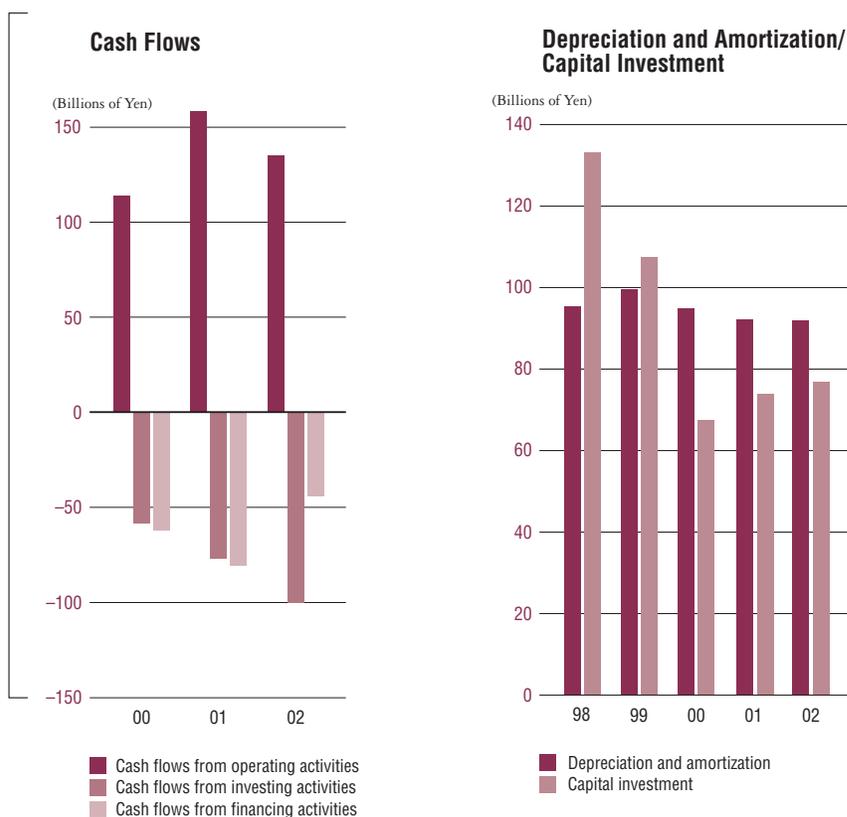
Cash Flows

Net cash provided by operating activities in the year ended March 31, 2002 were lower than in the previous year at ¥134.9 billion. Reasons for the decline include a net loss before income taxes and minority interests. Depreciation and amortization was similar to the previous year's level at ¥92 billion.

Net cash used in investing activities amounted to ¥100.2 billion. This figure reflects a substantial increase in expenditures for acquisition of investment securities, including an increased shareholding in Japan Brazil Paper and Pulp Resources Development Co., Ltd. (see Page 45). At ¥77 billion, capital investment in fiscal year 2001 was by ¥3.1 billion higher than in the previous fiscal year. The main investment items were paperboard production facilities at the Fuji Mill (see Page 39), and recycled-paper pulping facilities at the Tomakomai Mill (see Page 33).

Net cash used in financing activities in fiscal year 2001 amounted to ¥44.3 billion. Short-term bank loans increased by ¥5.2 billion, but long-term bank loans were reduced by ¥16.2 billion, and the year-end balance of commercial paper was ¥25 billion lower.

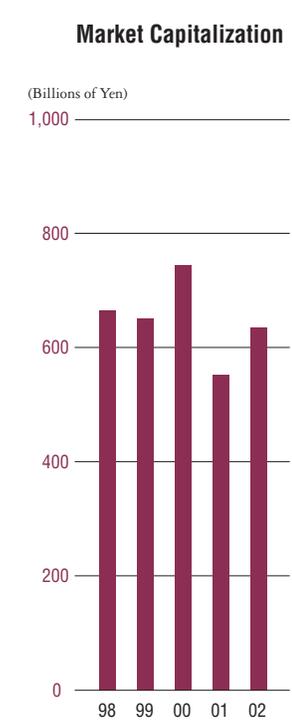
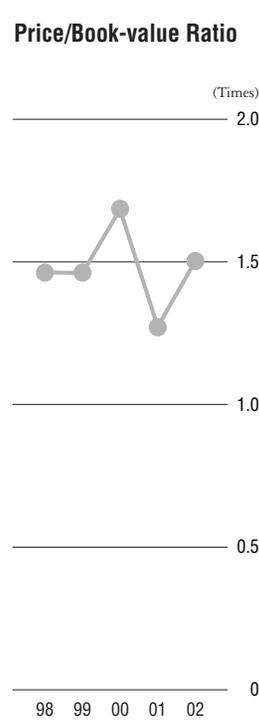
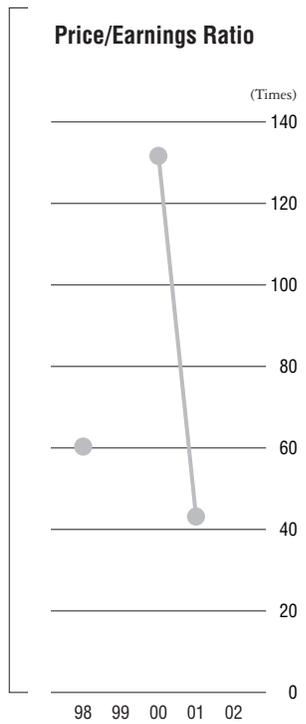
Cash and bank deposits at the end of fiscal year 2001 amounted to ¥35.1 billion, a reduction of ¥9.9 billion compared with the position at the end of the previous fiscal year.



Non-Consolidated Performance

Non-consolidated performance was also affected by reduced sales volumes and price stagnation resulting from lower demand. The non-consolidated net sales of Oji Paper Co., Ltd. amounted to ¥744 billion, a decline of 9% from the previous year's level. Operating profit and ordinary profit were both substantially lower at ¥24.9 billion and ¥16.5 billion, respectively. There were extraordinary losses due to valuation losses on shares and other factors. As a result, there was a net loss of ¥16.5 billion.

Though there was a net loss in the current year, management decided to pay an ordinary dividend of ¥4 per share, as in the previous year. This will be funded from the general reserve. This brought the total dividend for the year, including the interim dividend, to ¥8 per share, as in the previous year.



[Consolidated Balance Sheets]

Billions of Yen

Years ended March 31,	1998	1999	2000	2001	2002
ASSETS					
Current Assets					
Cash and bank deposits	69.7	50.5	42.9	42.0	35.5
Accounts receivable—trade	324.0	291.1	312.6	324.1	289.0
Marketable securities	14.6	16.6	13.8	4.0	0.1
Inventories	189.9	171.2	145.4	164.1	145.0
Advances	2.5	0.5	0.2	1.4	0.6
Short-term loans	3.2	4.5	3.7	3.2	3.6
Accounts receivable—other	10.8	11.5	10.2	8.6	9.5
Deferred income taxes	1.5	10.7	19.1	18.9	25.6
Other	3.1	4.2	3.6	4.3	2.8
Allowance for doubtful accounts	-3.5	-2.5	-2.8	-1.7	-1.2
Total current assets	615.8	558.3	548.7	569.0	510.4
Fixed Assets					
Property, plant and equipment	939.1	942.7	928.9	906.7	895.0
Intangible assets	4.0	3.8	8.3	8.8	8.8
Investments and other assets	233.0	243.3	223.9	219.7	217.9
Total fixed assets	1,176.1	1,189.8	1,161.1	1,135.2	1,121.7
Foreign currency translation adjustment	3.7	9.1	13.6	-	-
Total assets	1,795.5	1,757.2	1,723.4	1,704.3	1,632.1
LIABILITIES					
Current Liabilities					
Accounts payable—trade	224.5	198.5	209.9	235.4	206.6
Short-term bank loans	480.8	452.7	432.3	353.0	356.6
Commercial paper	57.0	28.0	8.0	68.0	43.0
Current portion of debentures	50.1	-	69.2	-	20.0
Accounts payable—other	19.1	14.5	13.1	18.3	17.2
Accrued expenses	50.9	45.7	45.0	52.7	49.9
Income taxes payable, etc.	8.7	2.2	3.3	5.3	2.5
Enterprise taxes payable, etc.	2.8	-	-	-	-
Deferred income taxes	-	-	0.2	0.2	0.1
Other	16.6	15.2	14.0	15.5	12.8
Total current liabilities	910.5	756.8	795.1	748.3	708.6
Non-Current Liabilities					
Debentures	149.2	189.2	120.0	160.0	140.0
Long-term bank loans	185.5	261.5	249.4	229.7	212.4
Deferred income taxes	-	2.1	15.7	17.1	17.4
Deferred tax liabilities on unrealized gain on land	-	-	-	-	3.1
Accrued retirement benefits*	66.5	75.0	76.1	89.4	103.5
Reserve for special repairs	0.1	0.1	0.1	0.1	0.1
Long-term deposits	12.7	13.2	12.6	13.0	12.5
Long-term notes payable for property, plant and equipment	2.7	1.8	0.9	-	-
Other	1.5	0.6	0.8	0.5	0.5
Total non-current liabilities	418.1	543.4	475.7	509.8	489.6
Total liabilities	1,328.6	1,300.2	1,270.7	1,258.1	1,198.2
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES					
Minority Interest in Consolidated Subsidiaries**	10.8	10.4	10.6	9.5	9.6
SHAREHOLDERS' EQUITY					
Common stock	103.9	103.9	103.9	103.9	103.9
Additional paid-in capital	98.7	98.7	98.7	98.7	98.7
Earned surplus reserve	21.5	-	-	-	-
Revaluation of land	-	0.0	1.7	1.7	6.0
Retained earnings	232.1	244.0	237.8	241.7	215.0
Unrealized gain on available-for-sale securities	-	-	-	-	6.8
Foreign currency translation adjustment	0.0	-	-	-9.4	-6.0
Treasury stock	0.0	0.0	0.0	0.0	-0.1
Total shareholders' equity	456.2	446.6	442.1	436.6	424.3
Total liabilities, minority interests in consolidated subsidiaries and shareholders' equity	1,795.5	1,757.2	1,723.4	1,704.3	1,632.1

* In and before FY 1999 the figures were shown as "accrued pension and severance costs".

** The figures of minority interest in consolidated subsidiaries are shown as shareholders' equity item although in and before FY1997 they were shown as liability item.

[Consolidated Statements of Income]

Billions of Yen

Years ended March 31,	1998	1999	2000	2001	2002
Net sales	1,348.7	1,206.2	1,205.5	1,252.9	1,203.8
Cost of sales	1,045.2	963.3	944.8	943.6	923.7
Gross profit	303.5	242.9	260.6	309.4	280.0
Selling, general and administrative expenses	244.6	228.1	231.9	236.8	243.7
Operating profit	-58.9	14.8	28.7	72.5	36.3
Non-operating income					
Interest and dividend income	3.2	2.9	3.1	2.7	2.2
Equity in earnings of affiliates	-	-	1.1	4.1	-
Miscellaneous income	8.6	11.7	11.0	4.1	5.7
	11.7	14.6	15.2	11.0	7.9
Non-operating expenses					
Interest expenses and discount charges	12.4	17.6	15.3	14.3	12.3
Interest expense on debentures	5.9	-	-	-	-
Equity in loss of affiliates	-	2.2	-	-	0.6
Miscellaneous losses	12.3	9.0	12.3	11.0	11.2
	30.6	28.8	27.6	25.3	24.1
Ordinary profit	40.0	0.6	16.3	58.2	20.1
Extraordinary gain					
Gain on sale of investments in securities	-	-	1.2	0.0	1.3
Gain on securities contribution to employee retirement benefit trust	-	-	-	25.3	-
Gain on sale of fixed assets	0.8	1.8	4.0	3.5	1.3
Gain on sale of business divisions	-	-	-	4.5	-
	0.8	1.8	5.2	33.3	2.7
Extraordinary losses					
Loss on retirement of fixed assets due to reorganization of production operations	-	-	-	3.8	3.2
Provision for reorganization losses due to joint venture liquidation	3.2	-	-	-	-
Loss on sale of investments in securities	-	-	-	16.1	-
Loss on write-down of investments in securities	-	22.9	3.1	2.5	30.3
Amortization of transition amount derived from accrued retirement benefits	-	-	-	45.8	16.7
Provision for retirement benefits	2.9	8.4	2.9	-	-
Loss on natural disaster	-	-	-	0.8	-
Loss on shutdown of operation	-	1.1	-	-	-
Special retirement benefits	-	-	2.5	0.6	-
Exchange loss	-	0.9	-	-	-
Loss on reduction of fixed asset's cost	0.1	0.1	0.1	0.0	0.3
	6.1	33.4	8.6	69.6	50.5
Income (loss) before income taxes and minority interests	34.7	-31.0	12.8	21.9	-27.8
Corporation tax, resident tax and enterprise tax	18.0	3.5	4.6	6.7	4.4
Deferred taxes	0.0	-21.9	3.3	2.7	-14.3
Minority interest in net profit of consolidated subsidiaries	0.3	-0.2	-0.7	-0.4	-0.1
Amortization of consolidation adjustment	0.0	-	-	-	-
Equity in loss of affiliates	5.4	-	-	-	-
Net income (loss)	11.0	-12.4	5.6	12.8	-17.7

[Consolidated Statements of Cash Flows]

Billions of Yen

Years ended March 31,	2000	2001	2002
Cash Flows from Operating Activities			
Income (loss) before income taxes and minority interests	12.8	21.9	-27.8
Depreciation and amortization	94.5	91.7	92.0
Increase/decrease in accrued retirement benefits	0.6	17.0	14.1
Interest and dividends income	12.2	11.6	10.1
Gain (loss) on sale of marketable securities	-3.4	18.2	29.0
Gain (loss) on sale of fixed assets	2.1	5.1	6.3
Increase/decrease in accounts receivables and payables—trade	-6.5	18.8	8.1
Increase/decrease in inventories	21.9	-16.7	20.1
Other	-5.6	5.6	-0.1
Total	128.7	173.1	151.7
Interest and dividends received	3.6	3.1	2.9
Interest paid	-15.4	-14.1	-12.4
Income taxes paid	-3.4	-4.4	-7.2
Net cash provided by operating activities	113.5	157.8	134.9
Cash Flows from Investing Activities			
Purchase of marketable securities	-0.2	-0.2	-0.2
Proceeds from sale of marketable securities	8.7	0.3	0.2
Acquisition of property, plant and equipment/ intangible assets	-70.7	-72.1	-79.6
Proceeds from sale of property, plant and equipment/ intangible assets	6.4	4.7	2.7
Investments in securities	-5.9	-6.8	-25.1
Proceeds from sale of investments in securities	3.8	0.5	5.5
Acquisition of consolidated subsidiaries due to change in the scope of consolidation	-6.1	-3.4	—
Loans and collections	5.0	-0.3	-3.7
Other	0.8	0.3	0.1
Net cash used in investing activities	-58.3	-77.1	-100.2
Cash Flows from Financing Activities			
Net decrease in short-term bank loans	-44.1	-81.3	5.2
Net increase/decrease of commercial paper	-20.0	60.0	-25.0
Borrowing of long-term bank loans	44.2	13.4	18.3
Repayments of long-term bank loans	-33.9	-35.1	-34.5
Proceeds from issue of debentures	—	40.0	—
Redemption of debentures	—	-69.2	—
Cash dividends paid by the Company	-8.3	-8.3	-8.3
Other	0.4	-0.1	0.0
Net cash used in financing activities	-61.8	-80.6	-44.3
Effect of foreign currency translation on cash and cash equivalents	-0.9	0.5	0.6
Net increase/decrease in cash and cash equivalents	-7.4	0.6	-8.9
Cash and cash equivalents at beginning of year	52.5	44.4	45.0
Increase/decrease in cash and cash equivalents due to merging consolidated subsidiaries	-0.7	0.0	-1.0
Cash and cash equivalents at end of year	44.4	45.0	35.1

[Non-consolidated Balance Sheets]

Billions of Yen

Years ended March 31,	1998	1999	2000	2001	2002
ASSETS					
Current Assets					
Cash and bank deposits	46.4	14.5	15.0	14.7	15.2
Accounts receivable—trade	233.4	208.6	211.6	219.4	165.2
Marketable securities	13.3	13.6	10.8	0.0	0.0
Inventories	108.8	93.3	80.3	90.3	80.4
Short-term loans	1.8	2.0	2.5	2.6	3.5
Accounts receivable—other	6.7	6.9	7.1	9.9	9.3
Deferred tax assets	—	7.3	15.0	15.0	19.6
Other	0.2	0.1	0.2	0.3	0.8
Allowance for doubtful accounts	-2.2	-1.5	-1.7	-0.8	-0.4
Total current assets	408.4	344.9	340.8	351.5	293.5
Fixed Assets					
Property, plant and equipment	725.8	991.1	673.6	650.1	614.4
Intangible assets	1.2	712.7	5.4	5.4	5.2
Investments and other assets	286.8	1.4	282.0	281.2	295.7
Total fixed assets	1,013.8	277.0	961.0	936.8	915.3
Total assets	1,422.3	1,335.9	1,301.8	1,288.2	1,208.8
LIABILITIES					
Current Liabilities					
Accounts payable—trade	142.7	127.1	129.9	145.4	111.8
Short-term bank loans	293.1	275.5	272.3	200.6	200.8
Commercial paper	57.0	28.0	8.0	68.0	43.0
Current portion of debentures	50.0	—	69.2	—	20.0
Accounts payable—other	16.7	10.6	14.3	22.1	22.7
Accrued expenses	34.8	27.5	26.8	32.8	29.0
Income taxes payable, etc.	7.2	0.1	0.1	0.1	0.1
Enterprise taxes payable, etc.	2.3	—	—	—	—
Notes payable for property, plant and equipment	13.8	9.0	2.9	2.8	1.3
Other	7.9	5.4	7.6	5.4	4.9
Total current liabilities	625.4	483.2	531.1	477.2	433.6
Non-current Liabilities					
Debentures	149.2	189.2	120.0	160.0	140.0
Long-term bank loans	118.9	163.4	156.6	149.5	142.5
Accrued retirement benefits*	52.4	55.4	54.7	64.1	74.6
Reserve for special repairs	0.1	0.1	0.1	0.1	0.1
Long-term deposits	11.9	12.2	11.6	11.9	11.4
Long-term notes payable for property, plant and equipment	2.7	1.8	0.9	—	—
Long-term other accounts payable	0.1	0.0	0.0	0.0	0.0
Total non-current liabilities	335.3	422.1	343.9	385.5	368.7
Total liabilities	960.7	905.2	875.0	862.8	802.3
SHAREHOLDERS' EQUITY					
Common stock	103.9	103.9	103.9	103.9	103.9
Additional paid-in capital	98.7	98.7	98.7	98.7	98.7
Earned surplus reserve	21.5	22.5	23.4	24.2	24.6
Other surplus	216.4	207.0	188.1	187.8	188.1
Unappropriated retained earnings	21.1	-1.4	12.7	10.9	-14.7
Unrealized gain on available-for-sale securities	—	—	—	—	6.1
Treasury stocks	—	—	—	—	-0.1
Total shareholders' equity	461.5	430.7	426.8	425.4	406.5
Total liabilities and shareholders' equity	1,422.3	1,335.9	1,301.8	1,288.2	1,208.8

*In and before FY1999, the figures were accrued pension and severance costs brought forward.

[Non-Consolidated Statements of Income]

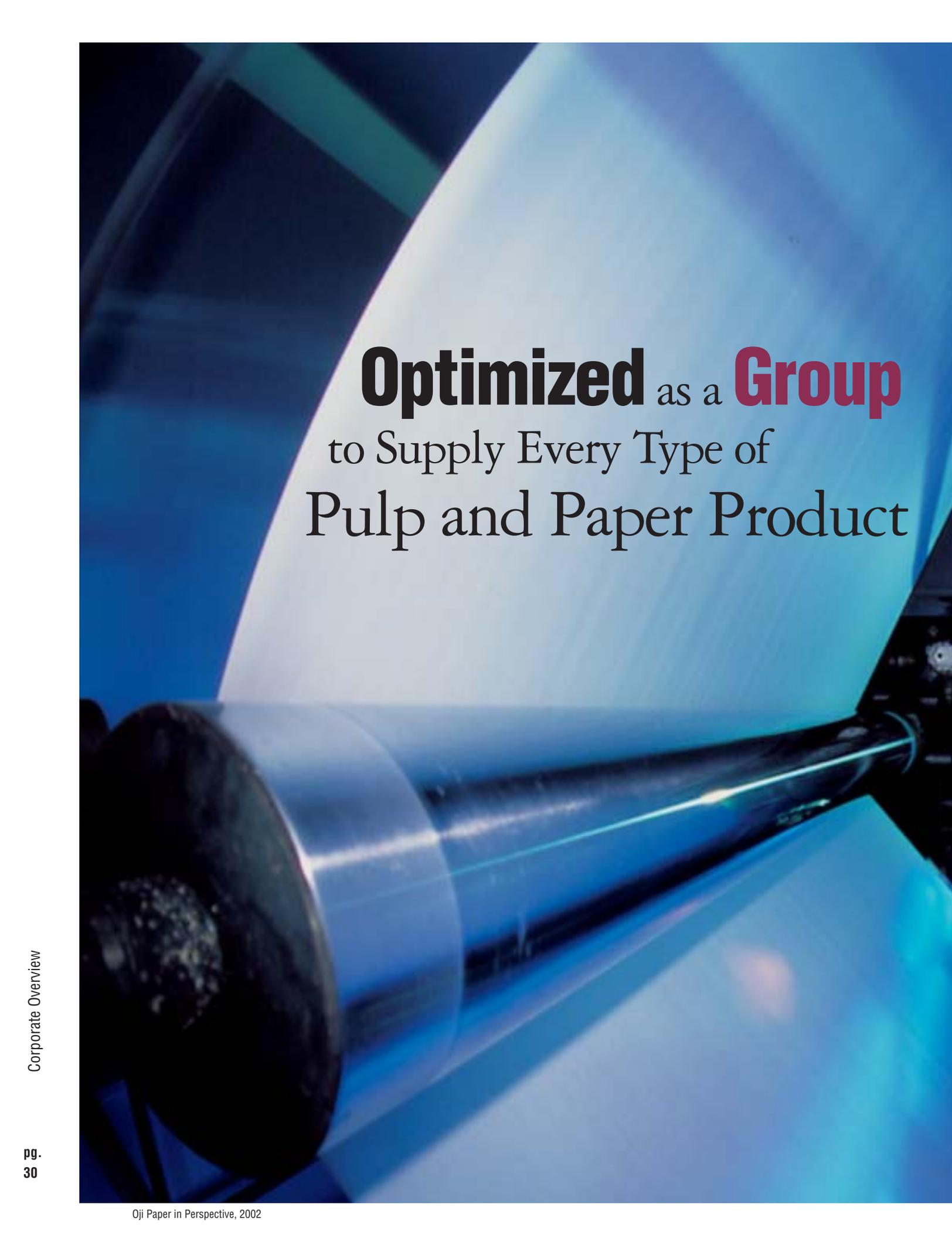
Billions of Yen

Years ended March 31,	1998	1999	2000	2001	2002
Net sales	967.7	844.3	804.3	816.7	744.0
Cost of sales	762.6	697.4	647.2	616.4	568.0
Gross profit	205.1	146.9	157.1	200.3	176.0
Selling, general and administrative expenses	157.4	140.0	138.7	146.4	151.1
Operating profit	47.8	6.9	18.4	53.9	24.9
Non-operating income					
Interest and dividends income	4.7	4.4	4.4	4.5	3.9
Miscellaneous income	9.0	11.2	9.9	6.1	5.3
	13.7	15.6	14.3	10.6	9.3
Non-operating expenses					
Interest expense	13.3	12.4	10.4	10.2	9.0
Miscellaneous losses	7.9	5.8	6.5	6.9	8.7
	21.2	18.2	16.9	17.0	17.7
Ordinary profit	40.4	4.3	15.8	47.4	16.5
Extraordinary Gain					
Gain on sale of fixed assets	0.6	2.6	0.5	1.9	4.2
Gain on sale of investments in securities	–	–	–	–	1.5
Gain on securities contribution to employee retirement benefit trust	–	–	–	25.3	–
Gain on sale of investments in affiliated companies	–	–	0.8	–	–
	0.6	2.6	1.3	27.2	5.8
Extraordinary Losses					
Loss on retirement of fixed assets due to reorganization of production operation	–	–	–	3.5	3.2
Loss on sale of investments in affiliated companies	–	–	–	14.1	–
Loss on write-down of investments in securities	–	14.0	0.8	1.9	30.1
Amortization of transition amount derived from accrued retirement benefits	–	–	–	41.9	12.7
Provision for retirement benefits	2.9	2.9	2.9	–	–
Provision for allowance for doubtful accounts	–	–	–	–	0.7
Loss on natural disaster	–	–	–	0.8	–
Loss on shutdown of operation	–	1.1	–	–	–
Special retirement benefits	–	–	–	0.2	–
Loss on sale of investments in subsidiaries	–	–	–	–	4.3
Loss on write-down of investments in affiliated companies	9.6	41.0	6.0	0.9	–
Loss on reduction of fixed asset's cost	0.1	0.1	0.0	0.0	0.3
	12.5	59.0	9.7	63.3	51.3
Income (loss) before income taxes	28.4	-52.1	7.4	11.3	-29.0
Corporation tax, resident tax and enterprise tax	15.5	0.1	0.1	0.1	0.3
Deferred taxes	–	-22.2	3.0	4.2	-12.9
Net Profit (loss) at end of year	12.9	-30.0	4.3	7.1	-16.5

Corporate **Overview**

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Optimized as a **Group**
to Supply Every Type of
Pulp and Paper Product



Evolution as a Leading International Pulp and Paper Group

Oji Paper was Japan's first modern paper manufacturer. It has evolved through a series of mergers into one of the world's leading integrated paper and paperboard manufacturing groups.

Business Optimization through Group Management

Paper manufacturing is a capital-intensive industry. This means that increases in the scale of operations also lead to improvements in productivity and competitiveness. However, expansion also has negative implications, including reduced efficiency and slow decision-making processes. The Oji Paper Group is transforming itself through a series of bold reforms, into a strong yet flexible pulp and paper manufacturing group capable of reaping the benefits of consolidated management.

Worldwide Activities

The Oji Paper Group is steadily strengthening the structures for its various business activities. It is also expanding the geographical scope of those activities to encompass Asia and the world in preparation for a new phase of growth for the entire group.

Oji Group's Core Businesses

Paper Manufacturing

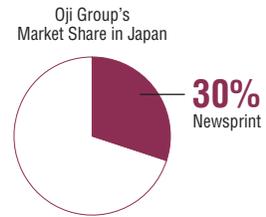
		Production	Sales	Production Management
Paper	Newsprint	Oji Paper Co., Ltd.	Newsprint Business Division	
	Publication, Printing and Office Papers		Paper Business Division	
	Communications Papers	Oji Paper Specialty Papers Company		
	Specialty Papers			
	Packaging Papers	Boxboard and Packaging Paper Business Division		
	Household Products	Oji Paper Household Products Company	Nepia Co., Ltd.	
Paperboard	Boxboard and Other Paperboards	Boxboard and Packaging Paper Business Division		
	Containerboard	Oji Paperboard Co., Ltd.		

Paper and Paperboard Processing

	Production	Sales	Production Management
Paperbox Products	Oji Packaging Co., Ltd.		Oji Paper Packaging Company
Corrugated Containers (Sheet and Box)	Oji Container Co., Ltd.		

Newsprint

Newsprint is a paper product that is very familiar to consumers. It accounts for about 20% of total paper demand in Japan. In recent years, the newspaper publishing industry has introduced a number of innovations, including increased use of color printing and the introduction of high-speed rotary presses. Oji Paper responds to these needs by reliably supplying thin, light paper that is also very strong and ideal for attractive color printing.



[Products] Lighter, Stronger Newsprint—Quality Products for Superior Color Reproduction

Today, newsprint is generally supplied as an order-made product to meet the specific requirements of newspaper publishers' printing equipment. Users require increasingly sophisticated product characteristics. For example, paper must be thin, but not transparent, and strong. Oji Paper has the advanced technology needed to meet these requirements.



[Topics] Used Paper Content of Newsprint above 60%

Because newsprint is used in such huge quantities, recycling is an important consideration. Oji Paper has installed additional used paper recycling [deinked pulp (DIP)] capacity at its Tomakomai Mill. The used paper content of its newsprint will rise still further when the new facilities become operational in February 2002.



The used paper recycling facility at the Tomakomai Mill

[Strategies] Maintaining Market Share—Integrated Strategy Encompassing Products, Production and Marketing

Oji Paper has worked to maintain its market share on the strength of its superior product quality, its reliable supply systems, its ability to develop products to meet user needs, and its excellent after-sales service capabilities.

[Facilities] World's Biggest Newsprint Production Facilities

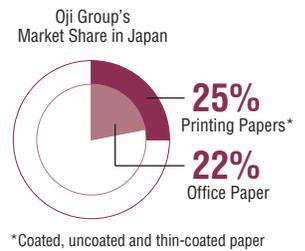
The Tomakomai Mill is Oji Paper's main production plant for newsprint. Its advanced facilities, including its N-6 machine, are designed for intensive, large-volume newsprint production. Finished products are loaded onto specialized high-capacity vessels directly on the truck chassis to eliminate the need for reloading. This system allows Oji Paper to supply newsprint reliably to all regions of Japan.



The N-6 machine at the Tomakomai Mill

Publication, Printing and Office Papers

Oji Paper supplies printing papers used to produce books, magazines and other publications, as well as catalogs, brochures and manuals. It also supplies office paper for use in copiers. Various qualities are required, depending on the purpose of the printed material and the type of printing press used. Oji Paper offers a wide range of products to meet every need.



Publication and Printing Papers

Publication and printing papers are used to produce a wide variety of printed materials, including books, magazines, catalogs, brochures, manuals and flyers. This category accounts for about one-third of paper consumption in Japan. Oji Paper supplies an extensive range of products to meet a variety of user needs.

[Products] Excellent Reputation Backed by Extensive Range of Superior Products

Oji Paper is highly regarded as a supplier of a wide range of both coated papers and uncoated papers. Its most popular products in recent years have included the “Green 100” range of 100% recycled paper, as well as a series of products manufactured using woodchips produced from Oji Paper’s own overseas forest plantations, and paper that can be stored for 1,000 years.



Green 100 Series

[Topics] Productivity Gains through Centralized Production in Large-Scale Mills

Japanese and foreign companies compete fiercely in the market for publication and printing papers. Oji Paper’s strategy in this environment targets efficiency improvements through centralized production in large-scale mills. In 2002, it shut down less-competitive paper machines at its Kasugai and Nichinan Mills. Production was transferred to bigger machines, bringing major improvements in productivity.



OK Non-Wrinkle

“OK Non-Wrinkle”—Good News for Users of Rotary Offset Presses

Rotary offset printing has major cost advantages for high-volume printing. However, a long-standing problem with this method of printing has been wrinkling caused by different rates of shrinkage in printed and blank areas of the paper. Oji Paper has “OK Non-Wrinkle,” the world’s first wrinkle-free printing paper for offset presses. Oji Paper has applied for a patent for the new paper, which went on sale in 2002.

Office Paper

There has been a rapid increase in imports of low-cost office paper, including copier and printer paper, from Southeast Asia. The Oji Paper Group has established overseas procurement systems, while switching an increased percentage of its domestic production to environment-friendly recycled papers. This strategy meets the needs of both price-conscious and ecology-conscious users.



[Products] Products for the IT Era

In addition to PPC paper for use in copiers, Oji Paper also produces the main types of papers used for computer input and output, including computer forms, carbon-free papers and OCR papers. Another product category that has become increasingly important in recent years is paper for high-performance computer printers, which are used for on-demand printing of small print runs.

[Topics] Nichinan Mill Wins Top Paper Quality Award

Oji Paper's Nichinan Mill was selected for the top prize in the fifth *Annual Paper Quality Awards* organized by Xerox. The judging criteria include the incidence and nature of complaints and problems and the efforts made to improve quality. The Nichinan Mill received the highest rating among the five mills of several companies that produce Xerox copy paper.



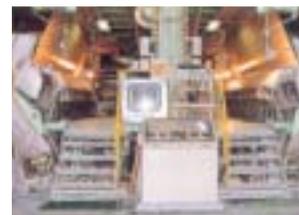
Awarded Xerox highest paper-quality award

[Strategies] Strategy Based on Production Volumes and New Products

The volume of manuals, catalogs and other materials printed has risen with growth in sales of personal computers, mobile telephones and other IT equipment. IT-related demand has leveled out, and Oji Paper's strategy combines adjustment of production volumes to market trends, with aggressive sales expansion, including the launching of new products.

[Facilities] Yonago Mill—High-Tech Production of High-Quality Coated Papers

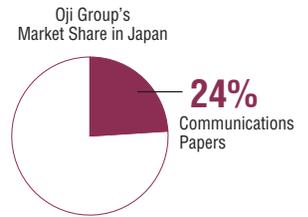
The Yonago Mill's N-1 advanced paper machine and coating machine have been in operation since 1997. Many state-of-the-art facilities combine high throughput with the production of high-quality coated papers with a superior luster.



The N-1 coating machine at the Yonago Mill

Communications Papers, Specialty Papers

The evolution of electronic equipment has been paralleled by the development of a variety of new functional papers, including inkjet papers, thermal papers and electronic materials. Oji Paper has established an “internal” company responsible for specialty papers. This organization maintains a flexible approach to product development in this evolving field.



Communications Papers

Demand for Communications papers used in electronic equipment has expanded rapidly with advances in information technology and the growing use of IT equipment. The Oji Paper Group is a leading manufacturer of thermal paper and has a 25% share of the world market. It supplies an extensive range of communications papers, including inkjet papers, magnetic recording papers and thermal sublimation transfer paper.

[Products] Oji Paper Technology in Use—Train Tickets for Automatic Wickets at Stations

Thermal paper is used increasingly to print receipts and ATM statements. The Oji Paper Group has developed a variety of products with enhancements that include improved durability and resistance to heat and light. It has also gained an excellent reputation for high-quality, high-tech inkjet papers. Oji Paper technology, in the form of magnetic recording paper, is also widely used in the transportation sector as parking lot tickets and tickets for automatic wickets at stations.



Opening of Oji Specialty Paper (Shanghai)

[Topics] Oji Specialty Paper (Shanghai) Established to Manufacture Thermal Paper in China

In recent years there has been a dramatic increase in demand for thermal paper used in cash registers, ATMs and medical equipment. Because of its rapidly expanding economy, China is seen as a promising growth market. In 2001, Oji Paper established a Chinese subsidiary, and in 2002, it expanded the processing capacity of that company.

POD Series—Optimized Products for Print on Demand

There has been an increase in the use of computer-based print-on-demand capabilities, whereby small print runs are produced from digital data on high-performance printers. In 2001, the Oji Paper Group introduced the “POD (print-on-demand) Series,” the world’s first range of high-resolution papers optimized for print-on-demand applications.



“POD Series”

Specialty Paper, Film

Paper is a material with limitless possibilities. With special processing, it can be used for a variety of purposes. The Oji Paper Group has a strong commitment to research and development and has introduced a wide range of advanced paper products, including ultra-thin papers and specialty papers used in electronic products, as well as plastic wrapping films.



[Products] Specialty Papers: From Ultra-Light to Electronic

Oji Paper supplies “Corona” ultra-light printing papers and fancy papers with various unique characteristics. Its line-up of processed papers also includes self-adhesive film and paper, label paper and aluminum paper. Another example of Oji Paper’s advanced product technology is its aramid paper, which is used as a substrate for electronic circuits.

[Topics] Production and Sales Integrated for Improved Competitiveness

The Oji Paper Group is currently restructuring its business operations, mills and production facilities to strengthen the earning power of its specialty paper business. Two subsidiaries, Shinfuji Paper Co., Ltd. and Abekawa Paper Co., Ltd. will be merged into Fuji Paper in 2003. Oji Paper will continue to strengthen its competitiveness through the integration of production and sales, including the partial transfer of sales functions from the parent company.



Aramid paper for electronic substrates

[Strategies] Emphasis on Growth Products

The Oji Paper Group is also focusing on other product categories with growth potential, including high-grade ink-jet paper and thermal sublimation transfer. In the area of electrical materials, Oji Paper has discovered that ultra-thin industrial plastic film (EPP) has a promising future as a capacitor material in fuel cell vehicles.

[Facilities] Advanced Paper-Coating Facilities at Kanzaki Mill

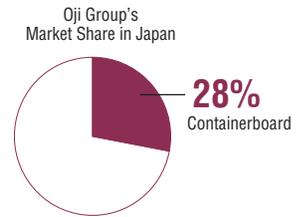
The Kanzaki Mill is a specialized plant producing a wide range of communications papers and specialty papers, including thermal paper, inkjet paper and carbon-free paper. It is also actively involved in the development of special coating technologies in cooperation with the neighboring Amagasaki Research Center.



The Kanzaki Mill

Containerboard

Corrugated containers account for one-quarter of the Japanese market for packaging materials. The Oji Paper Group produces containerboard, the basic material for corrugated containers, at mills throughout Japan. The mills are currently operated by four production companies, and the products are sold through Oji Paperboard Co., Ltd., but in October 2002, production and sales will be integrated under Oji Paperboard.



[Products] Functional, Attractive Corrugated Containerboard

Corrugated board is made from liners, which make up the outer surfaces, and fluting material, which is sandwiched between the liner layers. Because the printing on corrugated containers acts as advertisements, Oji Paper offers a wide range of liners that combine strength with excellent printing characteristics.

[Topics] Optimizing Production Capacity through Facility Restructuring

Oji Paper has already started to adjust production facilities within its group. In 2002 it mothballed three containerboard machines, reducing the containerboard production capacity of the Oji Paper Group by about one-tenth, at the same time reducing the mills from 12 to 11. These changes will help to optimize facility operating rates.



Containerboard-business integration

[Strategies] Oji Paperboard the Hub of an Integrated Production-Sales Structure

Oji Paperboard started as the containerboard sales company for the Oji Group in July 2001. In October 2002, Takasaki Sanko Co., Ltd., Chuo Paperboard Co., Ltd. and Hokuyo Paper Co., Ltd. will merge with Oji Paperboard. At the same time, Oji Paper's four containerboard mills will be spun off into Oji Paperboard, which will become an integrated production-sales organization.



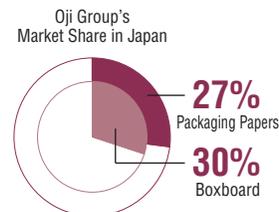
The L-1 machine at the Kushiro Mill

[Facilities] The Kushiro Mill—Multifaceted Production Capabilities

The Kushiro Mill was established in 1959 as a specialized containerboard plant. With facilities that include Japan's biggest L-1 board machine, the Kushiro Mill plays an important role in Oji Paper's nationwide network of containerboard mills.

Packaging Papers, Boxboard

There is renewed recognition of paper's advantages, from a recycling and environmental perspective, as a material for product containers such as packaging and bags. Boxboard and kraft paper are environment-friendly materials and the Oji Paper Group is Japan's leading manufacturer of packaging paper and boxboard for paper containers.



Packaging Papers

[Products] Products for Every Use

One of the best-known packaging papers is kraft paper, found in products ranging from cement sacks to shopping bags and envelopes. Depending on the intended use, the paper may be required to possess different characteristics, such as strength, feel or attractiveness when printed. The Oji Paper Group supplies a wide range of packaging papers, from luxury products to low-cost materials.



Boxboard

[Products/Topics] Major Productivity Improvements

The Oji Group is working to maximize production efficiency. In 2001, the world's fastest white boxboard production machine was installed at the Fuji Mill. With a daily capacity of 650 tons, the machine can produce 800 meters of boxboard per minute. The new machine has replaced three obsolete machines.



[Strategies] Status as Leading Manufacturer Backed by Integrated Group Strengths

Future strategy calls for increased cooperation among group companies. Oji Paper sees this cooperation as the best way to strengthen its position as the leading manufacturer of boxboard and packaging papers through improved communications with customers and continuing enhancement of its product range.

[Facilities] Advanced Recycling Technology

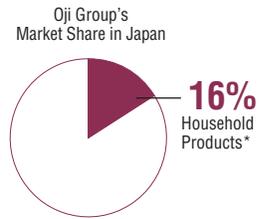
The Fuji Mill uses leading-edge recycling technology, and recycled paper makes up 95% of its raw materials. In 2001, it installed a new paperboard machine with the world's best production speed and capacity. Besides boxboard, the Fuji Mill also produces printing papers, including the popular "Yamayuri" thin-coated recycled papers.



The N-2 machine at the Fuji Mill

Household Products

Paper products, such as tissue papers, toilet paper and disposable diapers, have become indispensable to modern lifestyles. The Oji Paper Group produces some of Japan's best-known brands, including "Nepia," "Hoxy," "Doremi" and "Nepia Tender." As a manufacturer with a profound knowledge of paper, the Oji Paper Group is able to supply a wide range of high-quality, environment-friendly household paper products to enhance the quality of life.



*Tissue paper, toilet paper and paper towels



Household Products

[Products/Topics] New Product Concepts Make "Nepia" Brand Popular

Oji Paper Group sells tissue paper under two brands. The "Nepia" brand has a reputation for product innovation, including the introduction of compact packages, while the "Hoxy" brand is made from recycled paper. Nepia's "Aloe & Mint" range of super-moist tissues has been extremely popular since they first went on sale in the hay-fever season.

Disposable Diapers

[Products/Topics] "Doremi Pants" Range Updated in Spring of 2002

Oji Paper's line-up of disposable diapers consists of "Doremi" and "Doremi Pants" products for infants and the "Nepia Tender" range for adults. Oji Paper's infant diaper range was updated in the spring of 2002, and the products are now easier to apply and gentler on the skin. They are also treated with natural eucalyptus extract to prevent diaper rash by suppressing ammonia production.



[Strategies] Consumer Needs the Starting Point for Business Restructuring

The household product business is one of the few areas in which the Oji Paper Group deals directly with consumers. The Oji Paper Group is working to enhance its competitiveness by restructuring its business from the downstream level to reflect consumer needs and by developing innovative products.



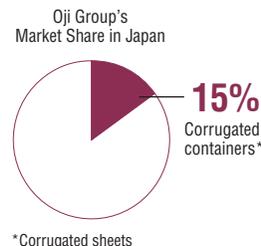
The disposable diaper manufacturing machine at the Nagoya Mill

[Facilities] Tokushima Mill—Producing High-Quality Household Products

The Tokushima Mill, which became operational in 1998, is an advanced production facility for household products. Its super-high-speed paper machine has a throughput of 2,000 meters a minute. The Tokushima Mill is part of a highly efficient household product supply network that includes plants throughout Japan.

Packaging

Corrugated containers play an important role in transportation by protecting goods and keeping them together. Paper containers enhance product functions and appearance. The Oji Paper Group can design and process corrugated containers and boxboard products from the raw material development stage. Its network of plants, offices and associated companies provides prompt solutions to customer needs.



Corrugated Containers

[Products] Group Companies Merged into Oji Container

The Oji Paper Group also produces many specialized corrugated containerboard products, including varieties with enhanced water-resistance. In 2001, the corrugated container division of Oji Paper's packaging company and seven corrugated container companies in the Oji Paper Group were merged to form Oji Container.



Paperbox Products

[Topics] From Design to Production: Broad Scope and Capabilities

Oji Packaging takes full advantage of a wide array of printing and processing technologies to produce intricate packaging such as boxes for confectionaries and cosmetics. The company's containers made using white linerboard, and its microflute, ultra-thin corrugated containers are popular as packaging for high-precision electronic devices. The Oji Paper Design Center provides expert assistance with box design.



[Strategies] Emphasis on Cost Competitiveness and Expansion

Changes in Japan's business environment, including a shift to overseas production and increased imports of agricultural products, stirred intense competition in the container business. Its strategic assets are a network centering on Oji Container and Chiyoda Container in the corrugated containers business, and the advanced technology of Oji Packaging in box products.

[Facilities] Oji Container—Nagano Mill

The Oji Paper Group's most advanced corrugated container mill, the Nagano Mill, is the biggest of Oji Paper's nationwide network of 48 production facilities. The mill is intensively automated and has a monthly production capacity of 10 million square meters.



Oji Container-Nagano Mill

Consolidated Subsidiaries/Affiliates Accounted for by the Equity Method

Paper Manufacturing

Oji Paperboard Co., Ltd.
TAKASAKI SANKO Co., Ltd. ♦*1
O.I.R Co., Ltd.*1
Chuo Paperboard Co., Ltd.
Hokuyo Paper Co., Ltd.
Shin Fuji Paper Co., Ltd.*2
Abekawa Paper Co., Ltd.*2
Yupo Corporation ♦
KANZAKI Specialty Papers Inc.
KANZAN Spezialpapiere GmbH
Bowater Maritimes Inc. ♦

Household Products

Nepia Co., Ltd.
Hoxo Co., Ltd.

Whiteboard/Containers

Oji Container Co., Ltd.
Chiyoda Container Corporation
Oji Packaging Co., Ltd.
Shizuoka Oji Container Co., Ltd.
Kyodo Shiko Co., Ltd.
Musashi Oji Container Co., Ltd.
Oji Interpack Co., Ltd.
Honshu Rheem Co., Ltd.
Kyushu Packaging Co., Ltd.
NIHON SEIKAHOSO Co., Ltd.
Kiyoshi Yoki Co., Ltd. ♦
Suzunaka Co., Ltd.
Honshu petrochemistry Co., Ltd.
Nishiko Danboru Co., Ltd.
Sogo Shiki Co., Ltd.
Kyodo Hinode Sangyo Co., Ltd.

Paper/ Film Processing

Oji Tac Co., Ltd.
Chuetsu Co., Ltd. ♦
KS-SYSTEMS INC.
OJI SEITAI KAISHA, LTD.
Oji Kinocloth Co., Ltd.
Apica Co., Ltd.
Toyo Pack Co., Ltd.
Tokyo Sangyo Yoshi Co., Ltd. ♦
Hokuyo Shiko Co., Ltd.
Saga Itagami Co., Ltd.
Shinomura Chemical Industry Co., Ltd.
Oji Paper (Thailand) Ltd.

Afforestation/Recycled Paper/Pulp/Timber

Japan Brazil Paper and Pulp Resources ♦
Oji Timber Co., Ltd.
Oji Forestry & Landscaping Co., Ltd.
Oji-Saitou Recycling Resources Co., Ltd.
Kashima Mokuzai Sangyo Co., Ltd.
Kyoei Mokuzai Co., Ltd. ♦

Saninmaruwa Forestry Co., Ltd. ♦
ALPAC Forest Products Inc. ♦
JANT Ltd.
Pan Pac Forest Products Ltd.

Logistics

Oji Logistics Co., Ltd.
Yufutsu Wharf Co., Ltd. ♦
Fuji Rinkai Warehousing Co., Ltd.
Hirata Warehouse Co., Ltd. ♦
Oji-Pier Terminal Co., Ltd.
Yamato Unyu Co., Ltd. ♦
Tomioka Oji F and L Co., Ltd.
Kikkou Tsuun Co., Ltd. ♦
Oji Kaiun Co., Ltd.

Trading

Kokusai Pulp & Paper Co., Ltd. ♦
Kyokuyo Pulp & Paper Co., Ltd. ♦
Oji Trading Co., Ltd.
Shin Fuji Trading Co., Ltd.
Oji Paper Canada Ltd.

Engineering

Oji Engineering Co., Ltd.
Oei Kogyo Co., Ltd.

Contracting/Service

Oji Business Center Co., Ltd.
Kure Oji Shigyo Co., Ltd.
Oji Shigyo Co., Ltd.
Honshu Toshin Co., Ltd.
Ebetsu Oji Shigyo Co., Ltd.
Nichinan Oji Shigyo Co., Ltd.
Yonago Oji Shigyo Co., Ltd.
Tomakomai Kyowa Service Co., Ltd.
Yonago Oji Service Co., Ltd.
Kanzaki Oji Shigyo Co., Ltd.
Tomakomai Oji Shigyo Co., Ltd.
Nichinan Shoji Co., Ltd.

Other

Oji Cornstarch Co., Ltd.
Oji Real Estate Co., Ltd.
Honshu Living Center Co., Ltd.
Maruhiko Watanabe Construction Co., Ltd. ♦
Hotel New Oji Co., Ltd.
Tomakomai Oxygen Co., Ltd. ♦
Honshu Estate System Co., Ltd.*3
Oji Service Center Co., Ltd.
Ei Sho Gen Co., Ltd.*4
Nakatsu Shiko Co., Ltd. ♦
Oji Salmon Co., Ltd.
Nippon New Zealand Trading Co., Ltd.
Oji Hall Co., Ltd.
KANZAKI U.S.A Inc.

*1 In October 2002, these companies will merge with Oji Paperboard.

*2 Shin Fuji Paper Co., Ltd. and Abekawa Paper Co., Ltd. are to merge on January 1, 2003 and become Fuji Paper Co., Ltd.

*3 Renamed Oji Finance Co., Ltd. in September 2002.

*4 All shares held by Oji Paper were sold in April 2002.

♦ Affiliates Accounted for by the Equity Method

Other Activities

We are very proud of the variety and the wide-ranging capabilities of our subsidiaries, from which we have benefited in so many ways over the years. We would like to highlight some of these important companies within our Group.

Yupo Corporation

Yupo Corporation was established as a joint venture by Oji Paper and Mitsubishi Chemical Corporation. It supplies Yupo, a polypropylene-based material that combines the advantages of paper and plastic. It is the world's leading manufacturer of synthetic paper, with a 70% market share

Oji Logistics Co., Ltd.

Oji Logistics was established through the merger of five distribution companies within the Oji Paper Group. Its mission is to improve efficiency by integrating physical distribution and information. It is involved in all aspects of logistics, from integrated land and sea transportation to warehousing.

Oji Engineering Co., Ltd.

This engineering firm designs, installs and maintains production facilities in paper mills. It has developed a number of sophisticated devices, including the "OK Flotator," for use in recycled paper pulping facilities.

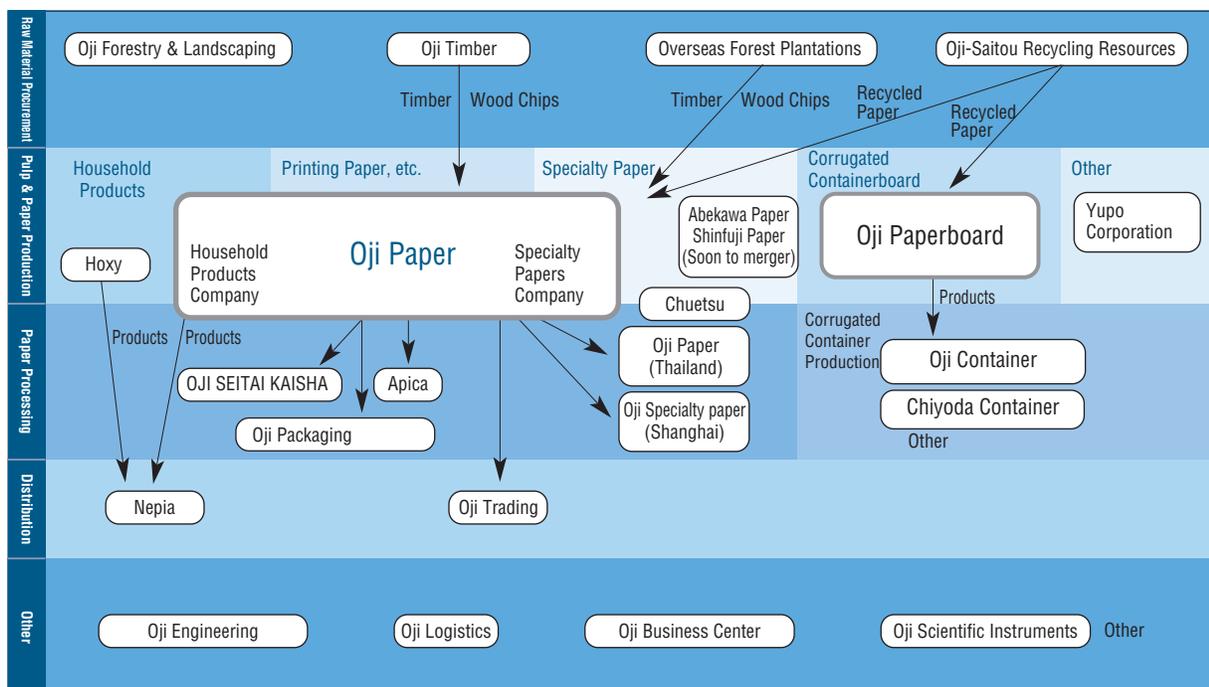
Oji Forestry & Landscaping Co., Ltd.

This company's forestry activities include forest management and development. It also undertakes landscaping projects, including the development of parks, walking tracks and biotopes.

Oji Trading Co., Ltd.

This company develops new business opportunities based on the powerful product development capabilities, information networks and human resources of the Oji Paper Group. It serves a wide range of both group and non-group customers.

Intra-group Relationships



Forest-Planting Activities *Forest development has been an integral part of the activities of the Oji Paper Group for more than a century.*

The pulp and paper industry has a long history of resource conservation and recycling, which have now emerged as global priorities. Oji Paper became involved in resource conservation and recycling shortly after its establishment, and its corporate activities have been driven by the dual forces of business expansion and forest development. As a result of this commitment, it is the biggest forest owner in Japan, apart from the government. It is also involved in forest-planting activities in other countries.

[Overseas Forest-Planting Activities]

Turning Wasteland into Green Forests

Following the Oji Paper Group's development technology that would allow hardwood (timber from broadleaf trees) to be made into paper, the focus of its forest-planting activities shifted overseas. Forests are planted in areas previously devoid of trees, such as pasture or wasteland. The trees are ready for harvesting after 6 to 12 years, and the cycle then begins again with the planting of new trees. Oji Paper manages 10 forest plantations in 6 countries, including JANT in Papua New Guinea, Albany Plantation Forest Company of Australia (APFL), and Pan Pac Forest products (Pan Pac) in New Zealand.

At the end of 2001, it established Guangxi Oji Plantation Forest in China. Oji Paper plans to expand its overseas forest plantation area from 138,000 hectares at the end of March 2002 to 200,000 hectares by 2010. It will then be able to meet one-third of its woodchip requirements from its own plantations.

[Topics]

New Zealand Company Granted Forest Stewardship Council Certification

Pan Pac, an Oji Paper Group forest plantation and

pulping company in New Zealand, has achieved certification by the Forest Stewardship Council (FSC), an organization dedicated to sustainable forest management. This is the first time that a certification has been granted to a forest plantation operation established overseas by a Japanese company.

First Shipment of Chips from Australian Plantation Project

In March 2002, Albany Plantation Export Company (APEC), a chip-processing company established in Australia, loaded its first shipment of chips produced from the APFL plantation. The company aims to ship one million tons annually in the future.

[Forest Holdings]

Domestic Activities and the Environment

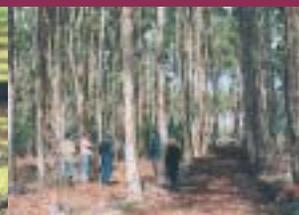
Forests owned by the Oji Paper Group in Japan cover 190,000 hectares. The Group aims to use timber from its Japanese forests for purposes with higher added value than pulp production, such as construction, and many years will be needed before the majority of trees have matured sufficiently. In the meantime, the forests will continue to contribute to the public good by absorbing greenhouse gases, by conserving water resources, and by providing environments for various flora and fauna.



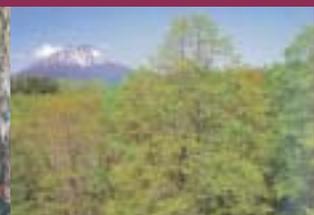
Nursery



Planting in Australia



GPFL (Australia)



One of the forests in Japan (Niseko)

Overseas Business Activities *Oji Paper aims to become an “Asian Corporate Citizen Domiciled in Japan” by expanding its activities on a global scale.*

The Oji Paper Group is also active overseas. Its overseas operations currently include the production and sale of pulp, newsprint and printing papers in North America, Europe and Asia. With a 25% market share, Oji Paper is the leading supplier of thermal paper. Meanwhile the growth of Asian economies in recent years has prompted the Oji Paper Group to accelerate the development of its business activities in Southeast Asia and China.

[Expansion of Overseas Activities]

From Brazil to North America, Europe and Asia

In North America, The Oji Paper Group has Howe Sound Pulp and Paper (HSLP) to manufacture and sell newsprint and pulp in Canada, and KANZAKI Specialty Paper (KSP), which manufactures and sells thermal paper in the United States.

The Oji Paper Group has continued to expand its overseas thermal paper operations in Europe, by the establishment of KANZAN Spezialpapiere in Germany. In the current year, it created Oji Specialty Papers (Shanghai) to process thermal paper in China. Until recently, Japan Brazil Paper and Pulp Resources Development Co., Ltd. (JBP) and Brazilian company Companhia Vale da Rio Doce

(CVRD) jointly ran Celulose Nipo-Brasileira S.A. (CENIBRA), but in 2001, JBP bought CENIBRA. As the biggest shareholder in JBP, Oji Paper plans to link CENIBRA, which uses only plantation lumber and is the most cost-competitive pulp producer in the world, into the Asian expansion strategy of the Oji Paper Group.

Asian members of the Oji Paper Group include Oji Paper (Thailand) (OPT), a highly successful producer of carbon-free paper. For corrugated container business, Oji Paper has Qingdao Oji Packaging in China and OJITEX in Vietnam. These activities reflect the Oji Paper Group’s strong commitment to its future vision as a Japan-based Asian company.



Oji Paper Overseas Location Distribution



KSP (US)

OPT (Thailand)

CENIBRA (Brazil)

Qingdao Oji Packaging (China)

Research and Development Framework *Combining leading technology with knowledge of trees to explore new horizons in the use of paper.*

Shedding light on undiscovered facts and developing new technologies are vital for manufacturers to maintain continuous growth for the future. Although paper has been with us since ancient times, it still has a valuable role to play serving society into the future. Oji Paper's research & development laboratories have always been on the cutting edge of paper's evolution, creating new applications for paper through a deep knowledge of trees and forests, which are the raw materials of paper of every kind.

R&D Focus

The Pulp and Paper Research Laboratory is engaged in cost reduction initiatives to strengthen the Group's competitiveness in the world's markets. The Imaging Media Development Laboratory is engaged in research of paper as an information communication medium. The Specialty Products Development Laboratory develops products that are paper yet somehow not paper: that is, two-dimensional materials that offer new functions that go beyond the properties of ordinary paper.

The Advanced Technology Research Laboratory is engaged in research to create new materials, develop new manufacturing methods and systems, and apply biotechnologies. Deploying environmental technologies on a global scale, the Forestry Research Institute takes full advantage of breeding and silviculture technologies to engage in research aimed at enhancing the productivity of overseas afforestation efforts.

The Material Analysis Center is engaged in original new technical developments in the area of analysis and assessment.

The Intellectual Property Department promotes the Group's efforts to secure patent rights and supports the defense of those rights. The Research and Development Promotion Department maintains close ties with the Technical Headquarters and the technical departments in each division of the Group.

Paper and Paperboard

Oji Paper Group's ability to compete against imported products, the Group has progressed research in powerful cost reduction methods such as the recycling of used office paper and high efficiency papermaking processes. We have completed development of newsprint that is thinner than currently available products. Furthermore, we are engaged in the development of new products such as papers that undergo no deterioration in quality even after long-term use, and OK Non-wrinkle coated paper that is not subject to dry wrinkling when used for offset printing.



Pulp and Paper Research Laboratory



Imaging Media Development Laboratory



Special Products Development Laboratory



Advanced Technology Research Laboratory

Information Media

Printing of color images from personal computers and digital cameras is rapidly gaining in popularity. We have created a number of products such as glossy inkjet paper that yields dramatically improved image quality and sublimation heat transfer paper that approaches the image quality of conventional photographic papers. We have also developed the POD (Print on Demand) range of papers in response to the popularity of on-demand digital printing. We have stolen a march on our competitors by developing heat-sensitive commuter passes that show two colors: red and black.

Specialty Papers

Oji Paper has developed everything from the base paper for the paper phenol substrate used for printed circuit boards to the aramid paper used for the multilayer plates in mobile devices. Now we have set our sights on the coming age of optical communications. We have also overcome a weakness of conventional paper by developing wrapping paper that provides moisture resistance comparable to that of film laminate and explored the limits of weight reduction in the development of low-density papers. In addition, we are developing environmentally friendly adhesive papers with value-added features, such as disintegration over time and linerless labels.

Packaging

We have developed numerous environmentally friendly packaging products including water-resistant, moisture-resistant recyclable corrugated containers used to pack fresh vegetables. We have also developed “Microwave” brand for 0.5 mm thick corrugated sheets that are shock-absorbent and accept finely detailed printing. Furthermore, we have developed “Finepress” paperboard for fabrication that is better suited to deep drawing than conventional paper tray materials.

Papers for Household Products

We discovered that an extract of eucalyptus leaves is effective in controlling diaper rash and applied the discovery to the manufacture of paper diapers. We are also progressively reducing the size of facial tissue boxes.

Overseas Afforestation

The latest project to bear fruit is the newly developed “cutting rhizogenesis technology.” Although the eucalyptus gum is a tree with superb growth potential and pulp quality, it has been difficult to propagate by means of cuttings, and cloning by means of tissue culture was a high-cost process that required expensive facilities and troublesome aseptic manipulation. The technique will propagate cloned seedlings from eucalyptus cuttings inexpensively and in high volume. In July 2002, the Company established a laboratory in Australia, and aims to enhance the productivity of overseas afforestation.



Material Analysis Center

Forestry Research Institute

Philanthropic Activities and Sports Programs *Contributing to Society and the Quality of Life*

As the leading corporate group in the Japanese pulp and paper industry, the Oji Paper Group actively supports a variety of cultural activities and amateur sports as a way of contributing to society and enhancing the quality of life. The Oji Paper Group has earned an excellent public reputation through its efforts to share the benefits of its long involvement in forest protection and development.

Philanthropic Activities

Oji's Forests

Oji Paper provides public access to some of its forest holdings in Japan. They provide the people with an opportunity to enjoy and treasure the beauty of forests. Three public access areas have been established in Hokkaido. One of them, the Kuriyama area, has a barrier-free track for disabled visitors.

Oji Paper Forest Museum

The museum, which is located in Kuriyama, Hokkaido, was opened in 2000, using the site of former forest research center. Visitors can learn about Oji Paper's efforts over many years to develop forest planting methods, environmental technology and improved tree varieties. Living samples of this work are displayed over a 27-hectare field.

Oji Hall

This popular concert hall is located in Oji Paper's head office building in Tokyo's Ginza district. Its compact size and excellent acoustics make it the ideal venue for a variety of community events, such as school music competitions.

Sponsored Attraction at Universal Studios Japan™

Under a partnership agreement with Universal Studios Japan, Oji Paper is the sole sponsor of the "Animation Celebration®" attraction. It also supplies household products, printing papers, boxboard and other materials to Universal Studios Japan™ and recycles these materials.

Animation Celebration®, Universal Studios.
Universal Studios Japan™, Universal Studios.

Sports Programs

Ice Hockey

Oji Paper is a strong supporter of amateur sports. Its highly successful ice hockey team has won the All-Japan championship 31 times and the Japan League championship 13 times.

Baseball

Oji Paper's baseball team is a regular competitor in inter-city tournaments. In 2000, the Tomakomai and Kasugai teams merged, resulting in a major improvement in their playing ability.



Oji Hall



Oji Paper Forest Museum



Ice Hockey club



Baseball club

[Corporate History]

- 1873 Ei-ichi Shibusawa creates Japan's modern paper manufacturing industry with the establishment of Shoshi Kaisha.
- 1875 A mill is completed in Oji, Tokyo and commences production of paper from waste cloth.
- 1893 The company is renamed Oji Paper after its founding location.
- 1910 Oji Paper completes the Tomakomai Mill in Hokkaido with the aim of domestic production of newsprint, which was then all imported.
- 1933 Oji Paper merges with Fuji Paper and Karafuto Industries, gaining an 80 percent share of paper production in Japan.
- 1948 Oji Paper's Kanzaki Mill becomes an independent company, Kanzaki Paper.
- 1949 Oji Paper is split into Tomakomai Paper (later Oji Paper), Honshu Paper and Jujo Paper (later Nippon Paper Industries) under the Excess Economic Powers Decentralization Act.
- 1953 Oji Paper establishes the Kasugai Mill to produce high-quality papers.
- 1954 Kanzaki Paper commences production of cast-coat paper.
- 1959 Kanzaki Paper establishes the Tomioka Mill.
- 1959 Honshu Paper starts containerboard production with the establishment of the Kushiro Mill, Japan's first production plant for kraft liners.
- 1962 Kanzaki Paper commences production of carbon-free paper.
- 1970 Oji Paper merges with Kita Nippon Paper, and acquires the Ebetsu Mill.
- 1971 Oji Paper establishes Pan Pac, a forestry and pulp manufacturing joint venture in New Zealand. Honshu Paper establishes a forestry venture (JANT) in Papua New Guinea.
- 1971 Oji Paper commences production of toilet paper and enters the household product market.
- 1973 Kanzaki Paper supplies carbon-free paper technology to the German company Zanders.
- 1975 A deinked pulp (DIP) facility is completed at the Tomakomai Mill.
- 1979 Oji Paper merges with Nippon Pulp Industries, and adds the Nichinan Mill and Yonago Mill.
- 1986 Honshu Paper merges with its corrugated container subsidiary.
- 1986 Kanzaki Paper establishes Kanzaki Specialty Paper in the United States.
- 1987 Honshu Paper takes over Tsurusaki Pulp, later the Oita Mill.
- 1988 Oji Paper establishes a Canadian joint venture, HSPP and commences importing of newsprint.
- 1989 Oji Paper merges with Toyo Pulp, adding the Kure Mill to its group.
- 1990 Kanzaki Paper establishes Kanzan Spezialpapiere in Germany.
- 1993 Oji Paper and Kanzaki Paper merge to form New Oji Paper.
- 1996 New Oji Paper and Honshu Paper merge to become Oji Paper.
- 1997 Qingdao Oji Packaging commences production of corrugated paperboard in Shandong Province, China.
- 1998 Oji Paper (Thailand) commences production of carbon-free paper in Thailand.
- 2001 Oji Paperboard is established as sales company of the Group's containerboard.
- 2002 Oji Paper (Shanghai) commences production of thermal paper in China.



[Major Mills]

After October, 2002

Oji Paper's Mills

- 1. Kushiro Mill** Kushiro city, Hokkaido
Major Products: Printing and communications paper
Newsprint
- 2. Ebetu Mill** Ebetu city, Hokkaido
Major Products: Printing and communications paper
Newsprint
- 3. Tomakomai Mill** Tomakomai city, Hokkaido
Major Products: Printing and communications paper
Newsprint
- 4. Edogawa Mill** Edogawa ward, Tokyo
Major Products: Boxboard
- 5. Fuji Mill** Fuji city, Shizuoka
Major Products: Boxboard
Printing and communications paper
- 6. Kasugai Mill** Kasugai city, Aichi
Major Products: Printing and communications paper
Packaging paper
- 7. Yonago Mill** Yonago city, Tottori
Major Products: Printing and communications paper
- 8. Kure Mill** Kure city, Hiroshima
Major Products: Printing and communications paper
Packaging paper
- 9. Tomioka Mill** Anan city, Tokushima
Major Products: Printing and communications paper
- 10. Nichinan Mill** Nichinan city, Miyazaki
Major Products: Printing and communications paper

Oji Paperboard's Mills

- 11. Nayoro Mill** Nayoro city, Hokkaido
Major Products: Containerboard
Other paperboard
- 12. Kushiro Mill** Kushiro city, Hokkaido
Major Products: Containerboard
- 13. Nikko Mill** Kawachi town, Tochigi
Major Products: Containerboard
Other paperboard
- 14. Matsumoto Mill** Matsumoto city, Nagano
Major Products: Containerboard
- 15. Nakatsugawa Mill** Nakatsugawa city, Gifu
Major Products: Containerboard
- 16. Ena Mill** Ena city, Gifu
Major Products: Containerboard
- 17. Fuji Mill** Fuji city, Shizuoka
Major Products: Containerboard
- 18. Sobue Mill** Sobue town, Aichi
Major Products: Containerboard
Boxboard
- 19. Osaka Mill** Osaka city
Major Products: Containerboard
- 20. Saga Mill** Kubota town, Saga
Major Products: Containerboard
Other paperboard, Boxboard
- 21. Oita Mill** Oita city, Oita
Major Products: Containerboard
Other paperboard

Specialty Papers Company's Mills

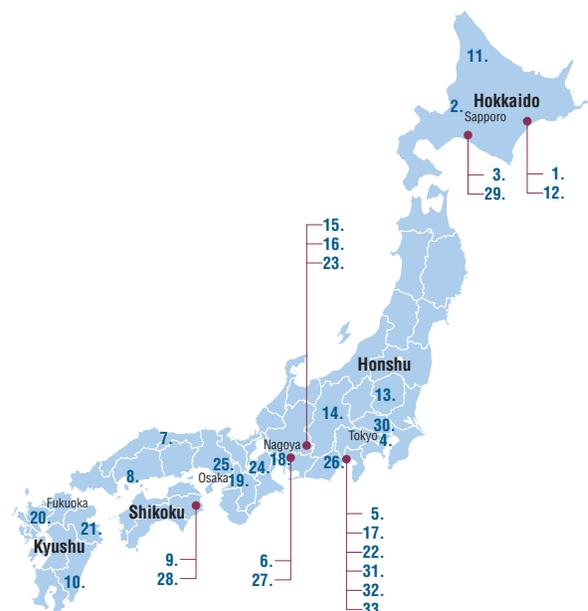
- 22. Oji Paper—Specialty Papers Company Iwabuchi Mill** Fujigawa town, Shizuoka
Major Products: Specialty paper
Inkjet paper etc
- 23. Oji Paper—Specialty Papers Company Nakatsu Mill** Nakatsugawa city, Gifu
Major Products: Specialty paper
Glass paper
- 24. Oji Paper—Specialty Papers Company Shiga Mill** Kosei town, Shiga
Major Products: Plastic film
- 25. Oji Paper—Specialty Papers Company Kanzaki Mill** Amagasaki city, Hyogo
Major Products: Specialty paper
Carbon-free paper
- 26. Abekawa Mill** Yanagi town, Shizuoka
Major Products: Specialty paper

Household Products Company's Mills

- 27. Oji Paper—Household Products Company Nagoya Mill** Kasugai city, Aichi
Major Products: Household products
- 28. Oji Paper—Household Products Company Tokushima Mill** Anan city, Tokushima
Major Products: Household products
- 29. Hoxy Co., Ltd Tomakomai Mill** Tomakomai city, Hokkaido
Major Products: Household products
- 30. Hoxy Co., Ltd Tokyo Mill** Soka city, Saitama
Major Products: Household products

Other Mills

- 31. Shinfuji paper Dai-ichi Mill** Fuji city, Shizuoka
Major Products: Printing and communications paper
Boxboard
- 32. Shinfuji paper Shibakawa Mill** Shibakawa town, Shizuoka
Major Products: Boxboard
- 33. Shinfuji paper Fuji Mill** Fuji city, Shizuoka
Major Products: Specialty paper





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