

May 29, 2015
Oji Holdings Corporation

Announcement Regarding the Formation of the Business Alliance with Chuetsu Pulp & Paper Co., Ltd and the Execution of Subscription for the Third-party Stock Allocation

Oji Holdings Corporation (hereinafter “Oji Holdings”) hereby announces the following matter. With regards to the formation of a business alliance as well as capital alliance through third-party stock allocation (hereinafter “business and capital alliance”) with Chuetsu Pulp & Paper Co., Ltd. (hereinafter “Chuetsu Pulp & Paper”) which was decided at the Board of Directors’ Meeting held on December 2, 2014¹, Oji Holdings had been subject to a business combination review of the Japan Fair Trade Commission on the formation of capital alliance and received a notice on May 26, 2015, to the effect that the Commission will not issue a cease and desist order on condition of conducting remedies². Following this notice, Oji Holdings has passed a resolution at the Board of Directors’ Meeting held today, May 29, 2015, to execute a subscription for the third-party stock allocation. Along with this, regarding the business alliance unveiled in the news release on December 2, 2014, Oji Holdings would like to announce that a resolution has also been made today on the conclusion of agreements of principle concerning an establishment of a joint venture for collaborative procurement of imported chips, an establishment of a joint venture for manufacturing of high-grade boxboard, and a formation of a business alliance in bag-making business, after a series of discussions made with Chuetsu Pulp & Paper. Details are as stated below.

1. Background to the Business and Capital Alliance

Business environment of pulp and paper industry in Japan has been rapidly changing in the recent years, which can be illustrated by examples such as the structural changes in demand caused by advances of information and communication technology. Under such conditions, Oji Holdings, having implemented measures to improve corporate values of both the companies since the past as the largest shareholder of Chuetsu Pulp & Paper, has decided on a formation of the business and capital alliance in its aim to further increase investment and capital efficiencies through mutual leverage of management resources.

Through the business and capital alliance, Oji Holdings will drive forward its cost rationalization measures as well as entry into new business fields further than ever before to enhance its corporate value.

¹ Please refer to the news release: “Announcement regarding the business and capital alliance with Chuetsu Pulp & Paper Co., Ltd.”(2/12/2014)

² Please refer to the news release: “Announcement Regarding the Japan Fair Trade Commission’s Review Result on the Formation of the Capital Alliance with Chuetsu Pulp & Paper Co., Ltd.”(26/5/2015)

2. Contents of the Business and Capital Alliance

(1) Capital Alliance

Chuetsu Pulp & Paper issued 16,892,000 of new stocks (common stock) and sold off 108,000 of treasury stocks through the third-party stock allocation, and Oji Holdings subscribed for all of these stocks. As a result, Chuetsu Pulp & Paper has become an equity-method affiliate of the Oji Holdings, with Oji Holdings' stock ownership ratio of Chuetsu Pulp & Paper reaching 20.8% (Oji Holdings 20.6%, Oji Holdings' affiliate 0.2%) and proportion of voting rights reaching 20.9%.

(2) Business Alliance

[1] Establishment of a Joint Venture for Collaborative Procurement of Imported Chips

1) Contents of the Business Alliance

With the aim of reducing cost for raw materials procurement, Oji Holdings and Chuetsu Pulp & Paper agreed upon and concluded a shareholders' agreement with regards to an establishment of a joint venture to collaboratively procure imported chips which are a main raw material of paper manufacturing business. Competitiveness strengthening of both the companies will be pursued, by making effective use of surplus charter contracts, reducing cost through direct trading, reducing cost through optimization of supply sources, and reducing fixed cost through personnel rationalization.

2) Overview of the New Joint Venture

-Name	O&C Fiber Trading Co., Ltd.	
-Location	Chuo-ku, Tokyo	
-Business lineup	Business regarding procurement of imported chips which are used by Oji Group as well as Chuetsu Pulp Group	
-Paid-in capital	¥ 100 million	
-Investment ratio	Oji Forest & Products Co., Ltd (100% subsidiary of Oji Holdings)	80 %
	Chuetsu Pulp & Paper	20%
-Establishment Date	June 2015 (planned)	

[2] Establishment of a Joint Venture for Manufacturing of High-grade Boxboard

1) Contents of the Business Alliance

A shareholders' agreement has been concluded with both companies agreeing on operations of a collaborative business of manufacturing high-grade boxboard by establishing a joint venture inside Tomioka Mill of Oji Paper, a 100 % subsidiary of Oji Holdings, and utilizing the said mill's idle machine. As a result, improvements in production efficiency and production capacity will be aimed for to strengthen the high-grade boxboard business which expects a stable demand in future.

In addition, considerations of permanent stoppage of Tomioka Mill's No.7 Machine (major products: converting paper and wood-free paper, production capability: 44,000 tons/yr) and No. 9 Machine (major product: coated paper, production capability: 136,000 tons/yr) have been started so as to construct an optimum manufacturing system which responds to changes in demand structure of printing and communications paper.

2) Overview of the New Joint Venture

-Name	O&C Ivory Board Co., Ltd.	
-Location	Chuo-ku, Tokyo	
-Business lineup	Business regarding manufacturing of high-grade boxboard	
-Paid-in capital	¥ 10 million	
-Investment ratio	Oji Paper Co., Ltd (100% subsidiary of Oji Holdings)	50 %
	Chuetsu Pulp & Paper	50%
-Establishment Date	July 2015 (planned)	

[3] Conclusion of Agreement of Principle concerning Business Alliance in Bag-Making Business

1) Contents of the Business Alliance

In view of enhancing domestic as well as overseas bag-making business, the two companies have reached an agreement of principle to establish a joint holdings company through share transfers after obtaining approvals from relevant government organizations. In addition, six companies (four domestic and two overseas companies) of Chuetsu Pulp & Paper and seven companies (three domestic and four overseas companies) of Oji Holdings which are engaged in bag-making business, will become affiliated companies of the joint holdings company. With this, rationalization of manufacturing will be promoted in Japan, while business expansion to surrounding areas of the two companies' existing sites with expected demand growth will be proactively pursued.

2) Overview of the Joint Holdings Company

-Name	O&C Paper Bag Holdings Co., Ltd.	
-Investment ratio	Oji Industrial Materials Management (100% subsidiary of Oji Holdings)	55 %
	Chuetsu Pulp & Paper	45%
-Establishment Date	Not yet determined	

-The following are Subsidiary Companies of Oji Holdings and Chuetsu Pulp & Paper which will become Affiliated Companies of the Joint Holdings Company

Oji Holdings' Subsidiaries

Oji Seitai Co., Ltd

Aomori Otai Co., Ltd.

Kusumi Seitaisyo Co., Ltd.

Shanghai Eastern Oji Packaging Co., Ltd.

Wuhan Southern Oji Packaging Co., Ltd.

Oji Packaging (Shanghai) Co., Ltd.

Qingdao Oji Packaging Co., Ltd.

Chuetsu Pulp & Paper's Subsidiaries

Chuetsu Package Co., Ltd.

Chuo Shiko Co., Ltd.

Chubushiko Co., Ltd

Touhoku Chubu Shiko Co., Ltd.

Japan Paper Technology (VN) Co., Ltd.

Japan Paper Technology Dong Nai (VN) Co., Ltd.

[4] Other Business Alliances

Further discussions will be conducted for other business alliances such as a mutual technical assistance, collaborative procurement of materials, collaborative logistic for products, etc.

3. Overview of the Alliance Partner

(1)	Name	Chuetsu Pulp & Paper Co., Ltd.		
(2)	Location	10-6, Ginza 2-chome, Chuo-ku, Tokyo, Japan		
(3)	Representative	Director of the Board, President, Akiyoshi Kato		
(4)	Business lineup	Production and sales of pulp and paper products, electric generation		
(5)	Paid-in capital	¥17,259 million		
(6)	Date of foundation	February 1947		
(7)	Major shareholders and their stock ownership ratio (as of March 31, 2015)			
	Oji Holdings Corporation			9.03%
	Japan Pulp and Paper Co., Ltd.			6.09%
	Hokuriku Financial Group, Inc.			4.92%
	Shinsei Pulp & Paper Co., Ltd.			4.84%
	Japan Trustee Services Bank, Limited (Trust Account)			4.60%
	Kokusai Pulp & Paper Co., Ltd.			4.58%
	Japan Trustee Services Bank, Limited (Trust Account 4)			3.44%
	Mizuho Bank Limited			3.44%
	The Norinchukin Bank			3.44%
	Mitsui Sumitomo Insurance Company, Limited			2.03%
(8)	Relationship with Oji Holdings (as of May 29, 2015 (after the payment was made))			
	Capital relationship	Chuetsu Pulp & Paper's stocks held by Oji Holdings	27,539,140 stocks	
		Oji Holdings' stocks held by Chuetsu Pulp & Paper	500,000 stocks	
	Personal relationship	There is no special interest relationship that should be stated. Nonetheless, there is an agreement to dispatch 1 officer from Oji Holdings to Chuetsu Pulp & Paper.		
	Business relationship	Oji Holdings sells its products to Chuetsu Pulp & Paper.		
	Related	Chuetsu Pulp & Paper is an affiliated company of Oji Holdings.		
(9)	Financial conditions and operating results (past 3 years)			
		FY2013	FY2014	FY2015
	Consolidated net assets	¥49,781 million	¥49,870 million	¥51,115 million
	Consolidated total assets	¥130,696 million	¥132,997 million	¥130,345 million
	Consolidated net assets per share	¥427.08	¥427.89	¥438.60
	Consolidated net sales	¥90,506 million	¥99,721 million	¥101,141 million
	Consolidated operating income	¥258 million	¥3,026 million	¥1,625 million
	Consolidated ordinary income	¥380 million	¥2,943 million	¥1,748 million
	Consolidated net income	¥249 million	¥531 million	¥1,608 million
	Consolidated net income per share	¥2.14	¥4.56	¥13.80
	Dividened per share	¥4.00	¥4.00	¥5.00

4. Schedule

(1) Passing of Resolution at Board of Directors' Meeting	May 29, 2015
(2) Payment for subscription for the third-party stock allocation	Same as above
(3) Conclusion of the shareholders agreement on collaborative procurement of imported chips	Same as above
(4) Conclusion of the shareholders agreement on collaborative production of high-grade boxboard	Same as above
(5) Conclusion of the agreement of principle on business alliance in bag-making business	Same as above

5. Future Business Projection

Although the alliance has a small influence on Oji Holdings consolidated business performance of the year ending March 2016, it would contribute to improving our consolidated business performance in the medium-to-long-term.

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