

**Notice Regarding Restructuring of Production System
for Printing and Communication Paper Business**

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Oji Paper Co., Ltd. (“Oji Paper”) has, in response to the decrease in demand in the wake of the recent recession, adjusted the supply and demand balance by putting in place a production system with a significantly lower output than prior levels. Group business base strengthening efforts were also advanced as seen by the sequential halt of operations at facilities low in competitiveness effected, taking into account changes in the medium-to-long-term demand structure, with the aim of formulating an appropriate production system that meets future demand.

As previously notified, dynamic measures were implemented in 2009 to cope with the changing business environment such as by halting the operation of Machine #8 at its Fuji Mill and Machines #1 and #3 at its Kushiro Mill. However, Oji Paper hereby announces that, in order to further fortify its Group business base, a decision was made to also halt the operation of Machine #10 at its Tomioka Mill, Machine #4 at its Kure Mill, as well as other facilities provided below.

This will realize not only significant fixed cost reductions but also drastic improvements in cost structure focused on energy in the promotion of oil-less operations.

Overview of halted facilities

		Tomioka Mill	Kure Mill	Kasugai Mill
		Machine #10 Coater #10	Machine #4	Coater #2
Main product		Coated paper	(Note)	Coated paper
Production capacity	Daily	390 tons	230 tons	240 tons
	Annual	130 thousand tons	80 thousand tons	80 thousand tons
Halting schedule		March 2010	July 2010	March 2010

(Note) The production of kraft paper at the Kure Mill will be shifted from Machine #4 to #5 thereat (which produces printing and communication paper) and the output for printing and communication paper will be decreased.

The above measures will result in annual cost reductions of ¥6.0 billion mostly in fixed costs.

Oji Paper plans to record structure improvement expenses under extraordinary loss in the year under review as a result of the above halting of facilities.

The resulting amount is yet to be determined, however, the business forecasts for the year ending March 31, 2010 (from April 1, 2009 to March 31, 2010) announced on November 4, 2009 contain rough estimates that already factor in structure improvement expenses, therefore, no revision of the business forecasts was effected as a result of the halting of the above facilities.

Lastly, Oji Paper is doing its utmost to prevent all valued customers and related parties from any inconvenience by this halt of facilities.