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COVERAGE INITIATION REPORT ║ EQUITY RESEARCH ▌OCTOBER 30, 2010

China Micro-Cap Common Stock

Sector: Consumer Goods
Industry: Paper & Paper Products

Orient Paper, Inc. ║ ONP – $5.45 – AMEX ▌ STRONG BUY

Business Summary

Orient Paper, Inc. (NYSE Amex: ONP) is a rapidly growing paper production company in the People's Republic of China (PRC). Established in 1996, the company's PRC-operating entity, Hebei Baoding Orient Paper Milling Co., Ltd. serves over 100 packaging and printing companies and paper products distributors with a diverse product offering, including corrugating medium paper, offset printing paper, and digital photo paper. The company is headquartered in Baoding City, northern China, at the center of the triangular region formed by Beijing, Tianjin and Shijiazhuang. The Beijing-Tianjin region is the cultural capital of China and home to a growing base of industrial and manufacturing activities and is one of the largest markets for paper products consumption in China.

Financial Summary

Orient Paper has increased total revenue year-over-year since data first became available on FY2005. Specifically the company has achieved a 46% compounded annual growth rate (CAGR) since FY2005 and, based on current expansion plans, it should return record-high total revenue figures in FY2010 & FY2011. Net income levels have increased by 51% CAGR since FY2005 with similar expected proportional increases to total revenue in ensuing years. The company is on pace for achieving a record-high $18M (+/- 10%) net income in FY2010. Increased revenues have reflected expanded production, a growing PRC regional economy, and increased consumer demand with correlating higher market product prices.

In April 2010, the company completed a $26.5M private placement for the sale of 3.45M shares with a valuation of $8.25/share to fund the purchase of new machinery capable of producing 360,000 tons of the company's top product.

Coverage is hereby initiated of Orient Paper, Inc. with a STRONG BUY rating and a 12-month target price of $16.70/share.

TARGET PRICE: $16.70

Current Price ($)	5.45
Market Cap ($ mil)	99.95
Price/Earnings ($) (TTM)	4.82
Price/Sales ($) (TTM)	0.78
Price/Book ($) (MRQ)	1.07

1:4 Stock Split: Nov. 5, 2009

Stock Data (as of Oct. 29, 2010)	
52 Week Low – High	$4.04-$15.50
Shares Out. (mil)	18.34
Float (mil)	13.21
Insider Owners	28%
Institutional Owners	15%
3-Mo. Avg. Vol.	446,415
Dividend Yield	$0.00

Balance Sheet (as of June, 2010) ($ mil)	
Cash	$22.09
PP&E	$72.36
Total Assets	$107.77
Total Debt	$16.13
Total Equity	$91.64

REVENUE ($ Mil)

Yr	2008	2009	2010
1Q	13.5	17.8	26.5
2Q	17.6	22.4	38.3
3Q	18.3	30.5	36.1E
4Q	15.9	31.4	40.9E
Year	**65.2**	**102.1**	**141.7E**
YOY	64%	57%	38%

EPS ($)

Yr	2008	2009	2010
1Q	0.14	0.20	0.21
2Q	0.22	0.22	0.30
3Q	0.21	0.41	0.21E
4Q	0.24	0.21	0.32E
Year	**0.81**	**1.04**	**1.04E**
P/E	0.30	10.08	--

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Employees: 600

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Executive Summary

Value & Growth

- Orient Paper has demonstrated solid annual growth in total revenue and key financial metrics through strong underlying fundamentals in manufacturing, sales, and management.
- The company should earn a record-high $142M (estimated) with 13% net income margins in FY2010 with an EPS of $1.04.
- FY2011 will be another year of strategic growth as the company nearly doubles its production from FY2010 expansion.

Strong Market Potential

- The PRC regional economy is strong, vibrant and growing; the company has long-term strategic goals of 1M ton annual production and global sales through further expansion.
- Nearly all PRC industry packaged exports use a mix of corrugating medium paper, the company's top product.

Committed Leadership

- In 2009, management achieved high growth in spite of global recession, improved operational efficiency during growth phases, and consolidated product mix to pursue high-demand/growth market.
- Management up-listed the company to a senior exchange and appointed an independent Board of Directors, a reputable Big 10 Auditor, and a US Investor Relations firm.
- Chairman Liu guaranteed record-high corporate net income for FY2009 (met) and FY2010 with personal shares used as collateral. Chairman Liu has never sold personal shares.

Section I, Company Overview

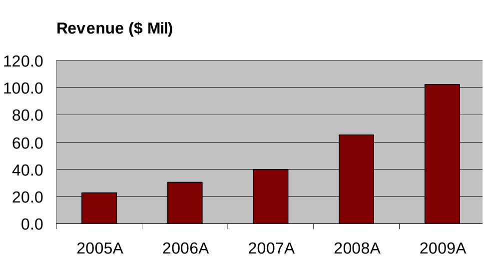
Company History[1]

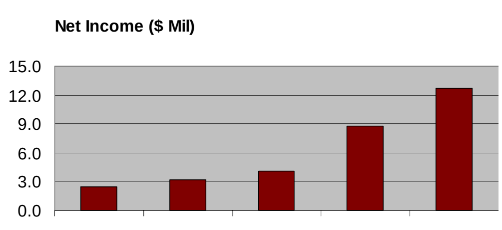
Orient Paper Inc. (NYSE AMEX: ONP) ("Orient Paper", "ONP", or "the company") is one of the leading and rapidly growing paper companies in Hebei Province, China. The company is the only Chinese paper manufacturer listed in the US. The company, through its wholly-owned subsidiary, Shengde Holdings, Inc., controls and operates Baoding Shengde Paper Co., Ltd. ("Baoding Shengde"), and Hebei Baoding Orient Paper Milling Co., Ltd ("HBOP"). Through its operating companies, Orient Paper has a total of 8 production lines (2 white paper, 2 brown paper, 2 photo paper, 2 under renovation) with current annual capacity of 300,000 tons. HBOP is located in Baoding City, Hebei Province, at the center of the triangular region formed by Beijing, Tianjin, and Shijiazhuang (60 miles to Beijing and Tianjin). The Beijing-Tianjin region is a growing base of industrial and manufacturing activities and is one of the largest markets for paper products consumption in China.

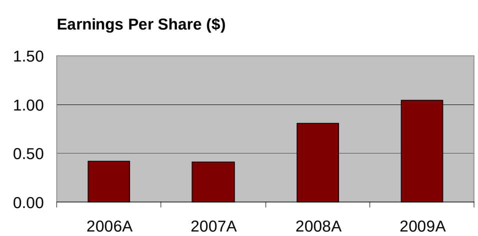
Established in 1996, HBOP initially manufactured packaging paper. Today, HBOP serves over 100 packaging and printing companies and paper products distributors with a diverse product offering, including corrugating medium paper, high-grade offset printing paper, and medium-grade offset printing paper. In April 2010, HBOP purchased new machinery for the company's new corrugating medium paper production line with an added annual production capacity of 360,000 tons. HBOP operates an eco-friendly paper manufacturing process whereby essentially all of white and brown paper production utilizes domestic recycled paper. Additionally, recycling waste water and sludge from white paper manufacturing is used to produce brown paper. HBOP operates its own waste water treatment plant for recycling purposes. The PRC government has recently taken a stronger position against paper manufacturing pollution. Importantly, HBOP has maintained a Pollution Discharge Permit since 1996 and maintains compliance with PRC environmental regulations.

HBOP maintains compliance with applicable environmental regulations through eco-friendly paper manufacturing and recycling processes.

Baoding Shengde, established in June 2009 as Orient Paper's wholly-owned subsidiary in China, acquired two digital photo paper coating lines and commenced production and sales of digital photo paper in March 2010. Orient Paper's new digital photo paper business is a step forward in the company's strategic move towards higher quality products.







Company Website.

Short/Long-Term Growth Strategy

Reasons for Growth

- Historical Y-o-Y growth performance
- FY2011 expansion fully financed and set
- PRC paper consumption experiencing rapid growth, ranking 2nd in paper output and worldwide consumption
- Average Sale Prices returning to pre-recession (2008) highs
- Balance Sheet reflects low debt to asset / equity ratios

Management has positioned the company for sustainable growth in the upcoming years in a growing and strong sector. At the core of its growth strategy is production capacity expansion and expanded sales in a regional and ultimately global economy. The company's upward performance over recent years through a major economic recession supports its calculated decision to expand and its ability to execute its strategy. Even if year-end FY2011 production results do not fully meet expectations, the company will experience solid gains in total revenue in FY2010 and beyond as the expanded manufacturing capacity will push more products into the market and overall Average Sale Prices for its products are rising.

Long-term growth plans include 1,000,000 tons annual production and global sales.

The foundation for the company's near term growth strategy has been set as production will soon begin from the newly-purchased and installed 360,000 ton production line. The company's long-term strategy for growth has been stated at 1,000,000 tons per annum and sales in the global marketplace (November 2009). (1M tons would yield +$500M in total revenue.) The company does not need additional capital to expand its manufacturing base or execute the company's short-term growth strategy. The April 2010 $26.5M private placement covered nearly all of the FY2010/2011 expansion costs. The company maintains minimal current and long-term debt and therefore any immediate needs can be satisfied with short-term financing. Achieving its long-term growth strategy will, however, require additional expansion. The company has/will have a number of financing alternatives available, including using a mix of retained earnings, debt, and/or equity.

Orient Paper does not require additional capital to execute its FY2011 growth strategy.

Driving the company's growth is its expanded production capacity through newly-purchased machinery and increased operational efficiency. In FY2008, the company had an annual production capacity of 170,000 tons which increased to 280,000 tons in FY2009 and over 300,000 tons in FY2010. In FY2011, this annual production capacity will be dramatically greater at over 500,000 tons. Some of the recent rise in production capacity is attributable to increased operational efficiency, currently operating at between 80 – 85% efficiency rates. This high efficiency rate is a positive indicator of operational management and labor during growth periods. Efficiency has also been achieved through product/ion consolidation in late FY2009 and FY2010. The company discontinued certain product lines in favor of increased production of other high demand/growth products that it was already producing.

The stabilization of the global economy has had a positive effect on the regional PRC economy and thus the growth in paper and paper product consummation. Quite simply, as the global economy increases the import of Chinese products, Orient Paper benefits as it produces and sells a product essential in the packing and packaging of Chinese exports. The new production line will produce a heavier corrugating medium paper for this purpose. And, as demand has increased for paper packaging products, overall sales prices for the company's primary products have also been increasing quarter-over-quarter for the most recent four quarters (exception of digital photo paper). The company's total revenue will thus benefit not only from an expanded manufacturing base but an increased market demand and pricing of its products.

Company Products[2]

Corrugating Medium Paper


Corrugating medium paper is a critical component of corrugated board production and is mostly used as the corrugated core (middle) layer of corrugated boards with the important function of shockproof and pressure resistance, or is used as packing paper for fragile items. Corrugating medium paper has been the company's principal product since inception. The primary raw material to produce corrugating medium paper is recycled paper board, and the major specification for the company's corrugating medium paper is 90-250g/square meter.

In April 2010, Orient Paper purchased machinery for the company's new corrugating medium paper production line for $27.8M with an annual production capacity of 360,000 tons to meet the company's goal of enhancing its corrugating medium paper production business. This new production line will be fully installed in Q4, 2010 with expected trial production in the same quarter. The company expects that the machinery will operate at an annualized 60 – 70% capacity in FY2011 which will nearly double the company's year-over-year production capacity.

Orient Paper produced 150,000 tons of corrugating medium paper in FY2009, comprising approximately 62% of the company's total paper production quantities and roughly 42% of its total revenue.

Medium and High-Grade Offset Printing Paper


Offset printing paper is applied on offset printers to print publications, picture album, textbooks, etc. The company's offset paper is mostly made from recycled white scrap paper and recycled printed paper as primary raw materials. The offset printing paper the company manufactures is typically coated and brightened. Raw materials used in the production of offset printing paper include recycled white scrap paper, wood pulp, fluorescent whitening agent, sizing agent and pulvis talc. Major specification is 55-80g/square meter of offset printing paper in roll and sheet. Orient Paper commenced production of offset printing paper in 2003.

Orient Paper produced 65,000 tons of offset printing paper in FY2009. The company's medium-grade and high-grade offset printing paper comprises approximately 23% and 6% of its total paper production quantities, respectively, in FY2009. Medium and high-grade offset printing paper also account for 35% and 12% of the company's total sales revenue in this same period. The company has not produced any high-grade offset printing paper in FY2010 in favor of increased production of medium-grade offset printing paper.

[2] Company Website; Orient Paper, Inc.'s December 31, 2009 form 10K SEC Filing

Digital Photo Paper

Digital photo paper is high-tech paper for digital picture output, usually used on inkjet or more advanced digital printers. The company's digital photo paper has received good market acceptance since its launch in March 2010. Orient Paper's digital photo paper has a competitive advantage in terms of quality and price over domestic and imported photo paper. Digital photo paper is set to become one of the company's major products and is expected to make a greater contribution to sales and profitability. Orient Paper mainly produces cast-coated, highlight and waterproof digital photo paper with a gram weight of 160-260g/square meter.

These digital photo papers may be sold to advertising companies which use photo-quality paper for multiple-color printing or local photo studios for production of special event printouts or personal home printing use.

Average Sale Prices[3]

The company's total revenue in FY2010 should well exceed FY2009 revenue achieved in part because of the positive increase in Average Sale Prices (ASPs). The company reports that ASPs have increased across all lines in FY2010 due to an increase of wood pulp market prices and consumer demand for wood pulp and paper products and ultimately, a recovering regional economy from the global financial crisis. The below chart shows the ASPs in each of the company's present (and past) product lines with an obvious upward trend for all (current) product prices over the last 2 six-month periods. The "average" overall ASP, which is calculated based on total revenue / total volume production, in each of these six month periods shows direct increase as well. Despite improving, the current ASPs in the primary products are still well below 2008 highs. In FY2008, the company reported over $400 per ton ASP for corrugating medium paper and above $800 per ton ASP for medium-grade offset paper. One further point related to the below chart is the decision to pursue a product mix in FY2010 in high-demand/growth products. Specifically, the company discontinued producing the high-grade offset paper and writing paper in FY2010 which show static movement in ASP, and increased production of medium-grade offset printing paper, a product line that realized a 15.6% increase in ASP from 1H FY2009 to 1H FY2010.

	Six Months Ended June 30, 2010			Six Months Ended Dec 31, 2009			Six Months Ended June 30, 2009		
Sales Revenue	ASP	Qty (Ton)	Amount	ASP	Qty (Ton)	Amount	ASP	Qty (Ton)	Amount
Corrugating Medium Paper	$ 315	66,890	$ 21,065,193	$ 280	80,422	$ 22,509,219	$ 282	69,820	$ 19,685,572
Medium-Grade Offset Paper	$ 726	58,025	$ 42,144,885	$ 681	48,632	$ 33,105,436	$ 628	4,909	$ 3,082,795
High-Grade Offset Paper	-	-	-	$ 938	2,409	$ 2,260,191	$ 934	8,866	$ 8,283,864
Diazo Paper and Copy Paper	$ 944	17	$ 16,047	-	-	-	-	-	-
Writing Paper	-	-	-	$ 525	4,162	$ 2,187,066	$ 528	17,394	$ 9,185,631
White Card Paper	-	-	-	$ 812	2,269	$ 1,843,054	-	-	-
Digital Photo Paper	$ 7,797	191	$ 1,489,203	-	-	-	-	-	-
Total Sales Revenue	$ 517	125,123	$ 64,715,328	$ 449	137,894	$ 61,904,966	$ 398	100,989	$ 40,237,862

Orient Paper's FY2010 Average Sale Prices are still well below FY2008 pre-recession highs.

[3] Orient Paper, Inc.'s SEC Filings, specifically June 30, 2010 form 10Q & December 31, 2009 form 10K

PRC Paper & Paper Products Industry[4]

PRC Manufacturing Macroeconomic Data

As a whole, the Chinese economy and manufacturing base is showing clear signs of recovery from 2009 global lows despite a contraction in the 2nd and 3rd Quarters of 2010.[5] China's current GDP growth rate is 9.6% (compared with 1.7% in the US). Bloomberg reported on September 30, 2010 that China's manufacturing expanded in September at its fastest pace over the past four months, adding to signs that economic growth is stabilizing and growing.[6] The recent manufacturing index released by HSBC Holdings and Markit Economics rose to a five month high. Economic production should again yield to growth in conjunction with gains in consumption, investments, and exports.

PRC Paper Making Industry

According to the China Paper Association, PRC paper output increased in 2009 to 86.4 million tons, up 8.27% from 79.8 million tons in 2008. Total domestic consumption was 85.7 million tons in 2009, up 8.85% from 79.35 million tons in 2008. These trends are consistent over the last decade. Compared with year 2000, PRC paper output in 2009 had increased by approximately 161.64% and consumption grew by approximately 121.96%. The output of paper and paper board maintained an average growth rate of approximately 12.8% during the 2000-2008 timeframe, while consumption increased at an annual rate of 10.5%, both higher than the GDP growth rate of the same period. The growth rate is expected to continue. According to the China Paper Association, the PRC is currently ranked second in terms of output and consumption of paper and paper board products. It is expected to become the world's largest paper making and consumption market by 2015 with consumption of 140 million tons and 200 million tons by 2020.

In 2009, PRC consumption of 17.58 million tons of corrugating medium paper, the company's top product, exceeded PRC production of 17.15 million tons (2.5% difference).

What is most important in analyzing the PRC paper industry as a whole is a simplistic understanding that the PRC economy and its components of manufacturing, consumption, and exports are fast growing and paper packaging products are a necessary commodity in the regional and global economy.

Industry Consolidation

The PRC government has taken action to consolidate the paper and pulp industry manufacturing base in an effort to reduce pollution. Since 1997, the PRC government has closed at least 7,000 pulp and paper mills[7]; however, the industry still remains largely fragmented. According to a general survey by the China Paper Association in 2008, there were approximately 3,500 paper and board manufacturers in the PRC. Recognizing that China constitutes one of the largest markets for paper consumption in the world with potential for continued expansion, the PRC government continues its efforts to consolidate, modernize, and promote the environmental sustainability of the industry. In April 2010, the PRC government specifically called for elimination of small paper companies with <10,000 tons of annual

[4] Orient Paper, Inc.'s December 31, 2009 form 10K SEC Filing; various Orient Paper Investor Presentations SEC Filings
[5] Trading Economics, "China GDP Growth Rate", published October 22, 2010
[6] Bloomberg, "Chinese Manufacturing Growth Accelerates, Survey Shows", published September 30, 2010
[7] PriceWaterhouseCoopers, "Paper and Packing Market in China: China Risks and Rewards," September 2005

production by 2011 due to environmental protection and operating concerns. The nationally-mandated consolidation of paper manufacturers, and Orient Paper's current good standing and environmental certification in eco-friendly manufacturing processes, should benefit the company.

Competition[8]

The company believes that it directly competes with two companies, Shandong Chenming Paper Group Limited in offset printing paper and Nine Dragons Paper (Holdings) Limited in corrugating medium paper. These two competitors are publicly traded on Asian Exchanges (Shenzhen & Hong Kong). Both of these companies are much larger than ONP with market caps of $2.0B and $7.5B (as of October 29, 2010) and (latest) annual revenues of $2.2B and $2.7B, respectively. Further comparison is shown in later sections on the financial and operational metrics of these two competitors, including how ONP meets and exceeds many similar benchmarks.

Competitive Edge

Regional & Cost Advantages

The company claims that HBOP is the largest papermaking enterprise in headquartered in Hebei Province. Its proximity to large urban centers in northern China, Beijing and Tianjin, provides the company with a large market in which to sell its products.

Out-of-province competitors have to set up interim warehouse and ship products from their production base to such interim warehouses close to the Beijing customers. HBOP is already regionally-situated close to its largest target market, Beijing, and thus there is no need to set up interim warehouses. Orient Paper's cost advantage from reduced shipping and logistics costs can be passed on to its customers.

Another positive effect of close proximity to major domestic suppliers is ability to source material quickly and efficiently. The company boasts a high inventory turnover rate for this stated reason. The company is also able to maintain a low raw materials inventory level at the time of declining prices, thereby optimizing the purchase price and production cost. In addition, the transportation costs for raw materials such as waste paper and coal are also less.

Company Management[9]

Mr. Zhenyong Liu, Chairman of the Board, Chief Executive Officer

Mr. Liu is the founder of Orient Paper and serves as Chairman & CEO since the Company's foundation in 1996. Previously, he was the General Manager of East Central Household Appliance Purchases and Supply Station in Xushui County from 1980 to 1989. Mr. Liu was designated as representative of the National People's Congress for Baoding City and awarded "Outstanding Entrepreneurs from Xushui County" in 2002. He was awarded "Outstanding Individual Taxpayers" in 2004 and was elected as representative in the National People's Congress for Hebei Province in 2005. Mr. Liu graduated from the Department of Economics and

Corporate Board of Directors

- Mr. Zhenyong Liu, Chairman & CEO
- Mr. Fuzeng Liu, Director
- Mr. Drew Bernstein, Independent Director
- Mr. Wenbing Christopher Wang, Independent Director
- Mr. Zhaofang Wang, Independent Director

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[8] ONP December 31, 2009 form 10K SEC Filing
[9] Company Website.

Management, Hebei University of Economics and Trade. He also holds an EMBA from Guanghua Management School, Beijing University.

Mr. Winston C. Yen, Chief Financial Officer

Mr. Yen joined Orient Paper as Chief Financial Officer in May 2009. Prior to joining Orient Paper, he served as a manager at Moss Adams, LLP from 2000 to 2001 and was an audit/tax supervising senior at CBIZ from 1997 to 1999. He received a Bachelor's degree in Accounting from the National Chengchi University in Taiwan in 1990 and a Master's degree in Accounting Science from the University of Illinois at Urbana-Champaign in 1994.

Mr. Zhongmin Ma, General Engineer

Mr. Ma joined Orient Paper in May 2010 as the General Engineer. He is a seasoned senior engineer with over 20 years' of experience in the paper industry. Prior to joining Orient Paper, Mr. Ma severed as senior production manager with several paper manufacturers, including the Vice Chief Engineer at Taiyuan Paper Making Company, Production Manager at Shandong Quanlin Paper Making Company, Production Process Manager at Guangdong Nine Dragon Paper Making Company, and etc. Mr. Ma received a Bachelor's degree in pulping and paper engineering from Tianjin Light Industry Institute in 1985.

Mr. Fuzeng Liu, Board Director and Vice President

Mr. Liu became a member of the Board on November 30, 2007. He also serves as Vice President of Orient Paper, a position he has held since 2002, and is in charge of production supervision and regulation of each plant. Previously, Mr. Liu served as Deputy Secretary of Traffic Bureau of Xushui County from 1992 to 2002 and Party Secretary of Dayin Town, Xushui County from 1988 to 1992.

Mr. Jinhai Shi, Vice President

Mr. Shi is Vice President of Orient Paper. He is responsible for production supervision and regulation of each plant. Mr. Shi joined Orient Paper in 2005. Before joining the Company, he was Director General of Xushui County Civil Affairs Bureau and Deputy Director General of Xushui County Environmental Protection Bureau.

Mr. Fulai Huang, Vice President of Environmental Protection

Mr. Huang has been Orient Paper's Vice President of Environmental Protection since 1999. Previously, Mr. Huang worked as a technician with a number of paper companies based in Shandong and specialized in environmental protection. He graduated from Tianjin Technological University with a Bachelor's degree in 1987, majoring in paper manufacturing. Mr. Huang also received the Environment Monitor Certificate granted by Environment Protection Department of Baoding Municipal Government. He also holds the energy conservation inspector certificate granted by Hebei Energy Conservation Center.

Mr. Gengqi Yang, Vice President of Sales

Mr. Yang serves as Vice President of Sales at Orient Paper and is in charge of overall sales for the Company. He served as Quality Control Director, Sales Representative and Sales Director respectively after joining Orient Paper in 1998. Previously, Mr. Yang worked with several paper distribution companies in Beijing. Mr. Yang received a Bachelor's degree in Economics from Baoding Financial College.

Management Discussion & Analysis

Chairman Liu is a founding member of Orient Paper (HBOP) and the largest single shareholder in the company, owning 5,115,852 shares (as of March 26, 2010), or 28% of the outstanding shares. Between 2005 - 2006, Chairman Liu loaned approximately $11,500,000 to Orient Paper. Originally, the loan did not accrue any interest and he agreed to flexible repayment terms including deferment options if the company could not pay back on the loan under the agreed-upon 5-year schedule. The terms of the loan were subsequently changed multiple times, most always in favor of the company (in 2009, the loan was changed to a reasonable 3-year 5.4% per annum interest-bearing loan). In addition to extensions on repayment, the Chairman agreed to covert $4M of this debt to 1.2M shares of restricted stock. Arguably, the company was at a weak point during 2005/06 with a very low cash balance ($81,000 at the end of 2006) and far from certain success as a US publicly-traded entity.

As further indication of the Chairman's personal commitment to the company and its shareholders, the company entered into an agreement on October 7, 2009 to raise $5M that was used in part to purchase the digital photo production equipment. A condition of the private placement, the Chairman escrowed 750,000 of his personal shares (split adjusted) as an "inducement" for the Buyers to guarantee that the company meets certain net income benchmarks for FY2009 and FY2010, namely $10M and $18M (within a +/- 10% variance) for each respective year. 750,000 shares equaled $4M in October, 2009 and 80% of the $5M equity financing. Should the company fail to achieve these net income figures, the Chairman will lose ownership to an equal percentage of his pledged shares. Orient Paper achieved net income figures of $12.7M in FY2009 and is on track for FY2010 obligations.

The newly-formed five-member Board of Directors (as of October, 2009) is an important step towards corporate governance and protecting shareholders' interests. More specifically, the company appointed three new independent Directors, each of whom has relevant past experience. The Board now has three committees, each of which is wholly comprised of and chaired by one of the independent Directors. The appointment of a majority-independent Board was necessary to comply with the terms of the $5M October, 2009 private placement. The Board does not control the company with more than 50% ownership of the company.

Salaries and compensation packages of the executive management have been kept intentionally low. The Chairman took compensation of approximately $35k in 2009 and 2008, and nothing in 2007 (data not available prior to 2007). The largest personnel expenditure has been the newly-appointed CFO (2009), Mr. Winston Yen, with $64k in total compensation for 2009, of which $39k was salaried wages. Mr. Yen is based in the US, has now been retained full-time and will receive a reported $120,000 in 2010. (The previous CFO received $4k in 2008.) Other 2009 compensation to Directors and executive management averages between $3k - $5k.

One reason that profit margins have remained consistently high is that Director and Officer compensation has been kept consistently low.

Section 2, Financial & Operations Overview

Financial Metrics

Financial ratios are used as a means for further analysis of a company's operations to determine their competitiveness, sustainability, and shareholder value. Orient Paper's notable increase in production has been matched by an increase in a number of other key benchmarks. This indicates that management is increasing operating efficiency a number of ways, namely through improving production processes while increasing its manufacturing base, consolidating the number of products manufacturing units are producing, and adding new higher margin products to the mix.

Orient Paper's financial ratios, as compared with US & PRC industry standards, are strong in all of the wide-range of ratios presented below. Orient Paper's metrics reflect a durable company with a competitive edge. Furthermore, the company has produced similar returns (and ratios) in key areas consistently for several years. For example, the company has earned a consistent gross margin range of 18% - 20% and a net income margin range of 10% – 13% since FY2005 while increasing total revenue nearly five-fold in this same period. Producing consistent products that don't change equates to consistent profits. It would thus be reasonable to assume that the company can maintain these consistent margins as it further expands its manufacturing base in proven product areas. The company's total debt could be paid off with retained earnings within 1 - 2 years, if desired. The company's conservative debt position, including its actions to pay off nearly 20% of its total debt within the last six months, has added to its sustainability and strength in the market.

Orient Paper has sustained consistent net income margins since FY2005 while increasing sales.

The attached table below reflects Orient Paper's current financial ratios and a basis for further analysis within select key areas.

Profit Margin. Orient Paper's 13% net income margins are solid returns in a highly-competitive commodity industry. The marginal upward trend since FY2005 reflects improved operational efficiency. The company's added digital photo line will also increase gross/net income margins.

Return on Assets. Orient Paper's ROA of 15.24% shows that the company earned $0.15 for each $1 in assets, a good return. All things being equal, a low ROA (<10%) reflects a more asset-intensive a business and more money must be reinvested into it to continue generating earnings.

Average Collection Period. The company's low average collection period is a positive indicator for cash flow because customers are paying quickly, or within 10 days on average. This also reflects the company's industry shipping terms of FOB, or Free/Freight on Board, in which customers essentially pick up their own product and likely pay prior to shipment (trucking).

Orient Paper, Inc. Financial Metrics
Based on Last Fiscal Year or TTM where applicable

A	**Profitability Ratios**	
1	Profit Margin	**12.97%**
2	Return on Assets	**15.24%**
3	Return on Equity	**17.93%**
B	**Asset Utilization Ratios**	
4	Receivable Turnover (times / year)	**35.12**
5	Average Collection Period (days)	**10.39**
6	Inventory Turnover (times / year)	**13.57**
7	Fixed Asset Turnover (times / year)	**1.75**
8	Total Asset Turnover (times / year)	**1.17**
C	**Liquidity Ratios**	
9	Current Ratio	**3.52**
10	Quick Ratio	**2.59**
D	**Debt Utilization Ratios**	
11	Debt to Total Assets	**0.15**
12	Times Interest Earned	**35.63**
E	**Market Value**	
13	Price/Sales Ratio (PSR)	**0.69**
14	Market Cap to Net Assets	**0.94**

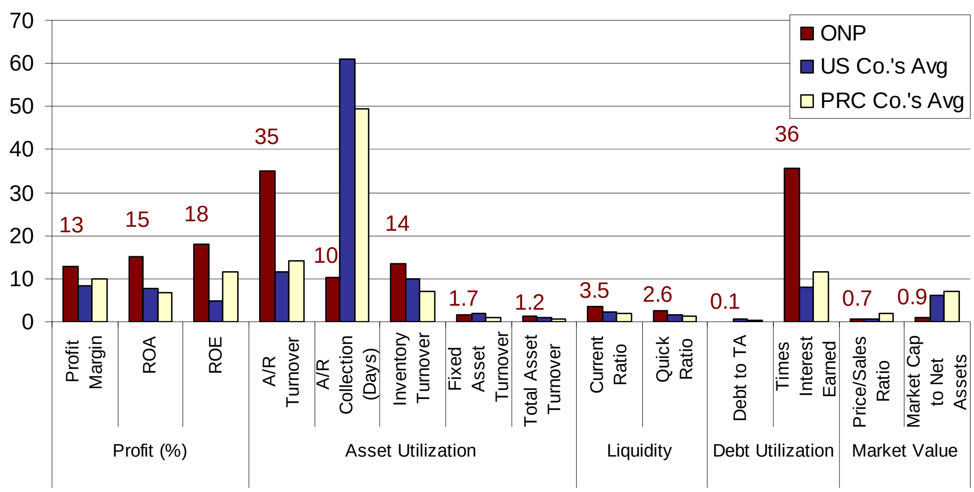
Current Ratio. Comparing a company's ability to pay its current obligations, Orient Paper's current ratio of 3.52 reflects a strong ability to meet short-term debts/liabilities and solid liquidity. This figure is partially inflated because of the company's balance sheet reflects +$22M cash of which +$15M is dedicated towards final payment of machinery. The current ratio on December 31, 2009 was 1.75.

Debt to Total Assets. Orient Paper's debt to total asset ratio of 0.15 reflects that most of the company's assets are financed through equity rather than debt. (Ratio of >1.0 indicates greater use of debt than equity to assets.) The company maintains a low debt leverage representing lessened financial risk for repayment of debt and cash flow problems in recessionary periods.

Price to Sales Ratio. Assuming that the market will ultimately seek an equilibrium of 1.0 between a company's market capitalization and total revenue, Orient Paper's PSR of 0.69 shows justification for a greater market capitalization (market price).

A summary of Orient Paper's financial ratios as compared with the averages of 5 select US companies and 4 select Asian companies operating in the PRC is shown below.

Financial Ratio Analysis
Comparison of ONP to US & PRC Industry Standards



A complete data analysis of these financial ratios is presented in Exhibits C & D for further review.

Financing Activities

The company completed an initial $5M private placement in October 2009 and a second $26.5M private placement in April 2010. The stated purpose for both was to fund company expansion through acquisition and purchase of production machinery. With 18.3M shares outstanding, the company has issued 5.5M shares since October 2009 in raising capital, thus diluting >40%. And, specifically since April 2010, the company issued 3.45M shares, diluting by 23%.

Private Placements

- $5M in October 2009 to fund +/- 40% of the digital photo line
- $26.5M in April 2010 to fund +/- 90% of the 360,000 ton machinery
- October 2009 Private Placement required guarantees for $10M net income in FY2009 and $18M net income in FY2010
- Chairman Liu placed 750,000 shares ($4M) in collateral as a personal guarantee

The first private placement on October 7, 2009 resulted in the sale of 2.08M shares (split adjusted) for an aggregate purchase price of $5M, representing a $2.40 per share cost. The closing market price on October 7 was $5.44 per share, thus the $2.40 valuation equaled a $3.04 per share (56%) discount. As an indication of the company's stronger position during the second private placement, Roth Capital Partners paid the company $7.7962 per share, which was based on a 5.5% discount of $8.25. The closing market price on March 31, 2010 was $8.35, indicating that the institutional investor was paying just 6% less than going price (11.4% discount with net commissions to the investment banker). Further to the positive perception of the company is the fact that the latest capital raise was more than 500% larger in the total amount than the October, 2009 raise, was substantially closer to the market price (6% vs. 56%), and does not contain binding performance and escrow requirements.

Asset Investment (Use of Proceeds) Analysis

Digital Photo Line. The two coating production lines of digital paper were acquired and added as assets of Baoding Shengde (rather than HBOP). The company acquired this line to diversity their product offerings, separate from competition, and also increase profit margin. The company reported paying $13.6M for this line which began operating in March 2010. The company paid $4.9M from their October 2009 equity financing and $8.7M of their own cash assets for the equipment. The production capacity of this line is 2,500 tons per year, representing a small percentage of the company's overall production. However, the ASP ($6,800 per ton in Q2, 2010) is considerably higher than its other products (overall average of $530 per ton in Q2, 2010). Gross and profit margins are impressive for this line at 46.0% and 26.7%, respectively, in Q2, 2010. Historical gross and profit margins for all products sold in FY2009 were 19.6% and 12.5%, respectively, thus showing the high margins produced in the new digital photo line. It is feasible that Cost of Goods Sold (COGS), or gross costs, will decrease over time as production increases, further improving current gross margin figures from current results.

Gross and profit margins for the digital photo line are 46.0% and 26.7%, respectively.

Early results for this new line are positive and provide a basis for a Return on Investment (ROI) analysis using the following assumptions: a) the current product sales price and gross/profit margins hold; b) the company achieves a 60% production rate in Q3, 2010, 80% in Q4, 2010 and throughout FY2011, and 85% from FY2012 and beyond; and, c) the (used) production equipment has a useful life of five years. From the projections in the below table, we show that the company can achieve $17M in net income derived from this equipment through FY2014. A $17M return on $13.8M investment (whereby the actual return is $17M plus the equipment cost of $13.8M which is accounted for in depreciation) is a steady 22.5% CAGR return. In addition to the direct monetary benefit of the new line, is the experience that the company's management and labor gains in a higher profit sector. Further expansion in this line could also be feasible as the company expands its sales region (countrywide/global) and justified by the net margin returns.

PROJECTED PRODUCTION & SALES OF DIGITAL PHOTO PAPER LINE

	Production (tonnage)	Avg. Sales Price ($)	Sales ($ Revenue)	Gross Profit ($)	Net Income ($)	Gained EPS (18.3M Shares) ($)
FY2010	1,066	6,937	7,395,000	3,401,700	1,974,465	0.11
FY2011	2,000	6,750	13,500,000	6,210,000	3,604,500	0.20
FY2012	2,125	6,750	14,343,750	6,598,125	3,829,781	0.21
FY2013	2,125	6,750	14,343,750	6,598,125	3,829,781	0.21
FY2014	2,125	6,750	14,343,750	6,598,125	3,829,781	0.21
TOTAL	9,441	6,787	63,926,250	29,406,075	**17,068,309**	**0.94**

Corrugating Medium Paper Line. The company reports that the new 360,000 ton line will produce heavier corrugating medium paper which has a 25% higher average sale price than its existing line. Assuming that COGS and other expenses remain proportional with historical figures for corrugating medium paper, the company should realize achieve 20% in gross margins from this new product line.

To analyze the company's ROI in exchange for shareholder's dilution, we use the following assumptions: a) the company will produce only the heavier corrugating medium paper; b) the sales price of the product will hold at $393.75 per ton (25% above existing 1H FY2010 average price levels of corrugating medium paper of $315 per ton); c) the company will realize annualized 20% gross margins and 10% net income margins; d) the company achieves a 60% production rate in FY2011 and 80% from FY2012 and beyond; and, e) the (new) production equipment has a useful life of ten years.

PROJECTED PRODUCTION & SALES OF 360,000 TON CORRUGATING MEDIUM PAPER LINE

	Production (tonnage)	Avg. Sales Price ($)	Sales ($ Revenue)	Gross Profit ($)	Net Income ($)	Gained EPS (18.3M Shares) ($)
FY2011	216,000	393.75	85,050,000	17,010,000	8,505,000	0.46
FY2012	288,000	393.75	113,400,000	22,680,000	11,340,000	0.62
FY2013	288,000	393.75	113,400,000	22,680,000	11,340,000	0.62
FY2014	288,000	393.75	113,400,000	22,680,000	11,340,000	0.62
FY2015 – FY 2020	1,728,000	393.75	680,400,000	136,080,000	68,040,000	3.71
TOTAL	2,808,000	393.75	1,105,650,000	221,130,000	**110,565,000**	**6.03**

Should this machinery fulfill its stated potential, the return yields $110.6M net income over ten years. $110.6M in net income (again, already accounting for original cost of equipment in depreciation) yields a solid 19.52% CAGR return over this ten year period. As shown, the new production line will add at full production capacity $0.62 of value to each share every year, year after year, for the useful life of the equipment.

Another way to determine if the future ROI is worth the present shareholders' dilution is to use the $110.6M net income figure divided by the 3.45M shares issued, yielding a total of roughly $32 of value for each of the shares issued to acquire the machinery in the first place. Subtracting the original valuation (investor payment) of $8.25 from the $32, yields a net value of $23.75 per issued share over a ten year period. (Adjustments not made for the 5 – 8% cash outlay made by Orient Paper for the equipment.)

3.45M shares issued at $8.25 per share in April 2010 will yield a net value of $23.75 per share.

Finally, this production line adds more value as the company will ultimately be a relatively larger competitor in the regional market thus reducing the risk that another larger competitor would push them out. It allows the company to consider countrywide and/or global sales because of the possible excess production in the local market. And, it provides the company with a solid steady base of net income to reinvest in the company. Short of utter failure, this production line is a solid, long-term investment accomplished through the company's strategic vision and made possible by equity financing.

Total Production Capacity & Projections

The company's total production capacity was reportedly 170,000 tons in 2008 and 280,000 tons in 2009, a 65% year-over-year increase (total earnings increased by 57% from FY2008 to FY2009). Production capacity for 2010 is over 300,000 tons, whereas actual production will likely be around 280,000 tons. To satisfy growing demand, the company reports that it is presently running 3 shifts for 24-hour coverage for its production lines (2 shifts for digital paper), 7 days a week, 330 days a year. The company should be able to produce over 500,000 tons in FY2011, an estimated +65% year-over-year production increase. And, in FY2012, the company should be able to achieve (near) full capacity from their new line and therefore have the capacity to produce more than 620,000 tons.

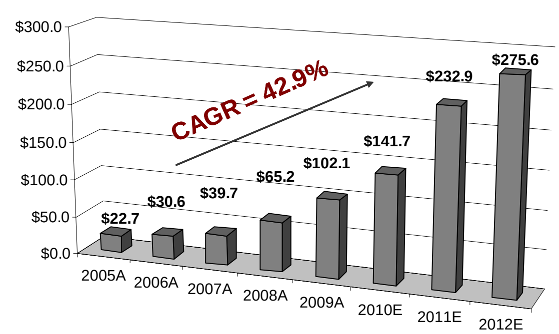
TOTAL ANNUAL PRODUCTION

Fiscal Year	Qty. (sold in tons)	YOY Growth	YOY Growth Pct.	Annual Revenue
FY2008	126,000	-	-	$65.2M
FY2009	239,000	113,000	89.7%	$102.1M
FY2010	279,000 (Est.)	40,000	16.7%	$141.7M (Est.)
FY2011	500,000 (Est.)	221,000	79.2%	$232.9M (Est.)
FY2012	575,000 (Est.)	150,000	15.0%	$275.6M (Est.)

Financial Forecast

Using historical gross/profit margins, expected production, and current average sales prices, we can build a model for the remainder of 2010 through 2012, presented in Exhibit A. Certain assumptions must be made to complete the model, as follows: a) expanded production in the new 360,000 ton line will not invariably decrease production from other operating lines; b) the company will marginally improve production efficiency of each of its production lines year-over-year (up to 85%); c) the ASPs from 1H FY2010 will hold in FY2011 & FY2012; and, d) the company will achieve consistent historical gross/profit margins in the future. Two areas that should not be overlooked but are not included in the presented financial model are: a) the company may need to (significantly) increase SG&A costs in the future for operational, administrative, and legal reasons; and, b) further expansions that the company is planning for 2011 and beyond.

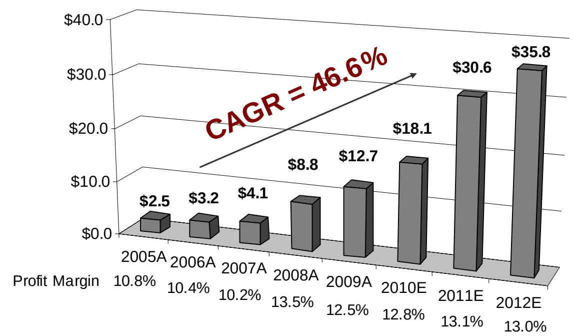
Revenues ($ Millions)



Total Revenue. The trailing twelve months of $126.6M revenue indicates that production and sales are driving upward. Historically, the company has experienced much stronger Q3 and Q4 sales compared with the first two (+10% in FY2008; +54% in FY2009). Increased inventory levels in June, 2010 ($9.3M) also indicate that the company will make a strong push over the final two quarters. With the added digital photo line and the trial production sales of the new line expected in Q4, 2010, total revenue in FY2010 is projected at $141.7M, a 38.8% increase over 2009. The expected 210,000 tons of new production (60% efficiency rate) and increased digital photo paper sales will increase total revenue in FY2011 to $232.9M, a 64.3% increase over FY2010 estimated results. Thereafter, efficiency rates should improve in 2012; specifically, the new production line should be able to produce approximately 288,000 tons (80% efficiency rate). FY2012 revenues are expected at $275.6M, an 18.3% over FY2011 estimated results.

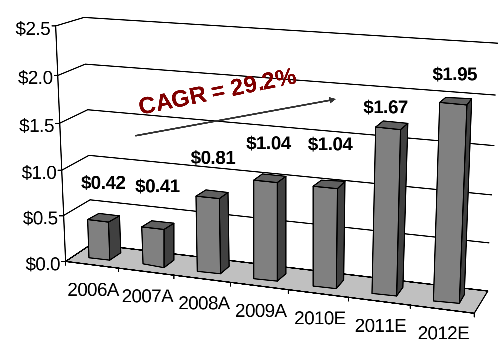
Bottom Line. Since FY2005, the company's profit margins have consistently ranged from 10% - 13%. Gross margins have held at 16% - 20% since FY2005, indicating that the company uses a fairly consistent price product structure relative to COGS. Said differently, ASPs are maintained at a fairly consistent variable rate over raw materials and other direct costs. As sales and production increase, SG&A costs will increase on an equal or greater percentage level thereby detracting from net income. It is likely that the company will also increasingly report disposals of property, plant, and equipment as it has done in FY2010 ($1.1M in Q2; $1.8M in Q3). However, the digital photo paper line will improve their gross margin and likely offset these increased costs and thus net income should continue to stay in line with previous levels. In June 2010, the company adjusted earlier forecasts to a new net income of $16.2M in FY2010. This is likely a conservative figure which the company will exceed because of the new digital photo paper line. Thus FY2010 net income is estimated higher at $18.1M, or 12.8% of revenue. FY2011 and FY2012 net income will rise correspondingly with total revenue and are estimated at $30.6M (13.1%) and $35.8M (13.0%), respectively.

Net Income ($ Millions)



Earnings per Share (EPS). EPS estimates in future years are of great importance in calculating the intrinsic value of Orient Paper. EPS are directly tied to the projected net income levels of those future years, assuming the company does not issue more shares into the float. As such, it is essential that the above net income projections are within reason and fairly accurate to properly quantity EPS and (later) the company's intrinsic value. The fact that EPS trends have either maintained consistency or been on the rise since FY2006 is quite positive for shareholders as EPS upward consistency is an important benchmark in valuation. This trend is also favorable considering the large increase in outstanding shares over the last three years (7.5M to 18.3M).

Earnings Per Share



The company has indicated that it will produce an EPS of $1.04 in FY2010, thus justifying the above net income projection of $18.1M in this period. EPS in FY2011 and FY2012 are reasonably set at $1.67 and $1.95, respectively, as net income increases in these periods and assuming the company does not issue more shares into the float.

Section 3, Orient Paper's Valuation

Intrinsic Value

Calculating intrinsic value can be accomplished several different ways and it should be noted that it is an estimate rather than a precise figure. Using FY2009 as a base and the above projections provided in the Financial Forecast, estimated EPS will yield $1.67 in FY2011. A reasonable Price to Earnings (P/E) multiple against EPS for a low-debt, growth company could easily be within the range of 15 – 20. The select US and PRC company averages shown in Exhibit D have P/E multiples of 18.5 and 27.4, respectively. Orient Paper currently has a low P/E ratio of 4.8; it previously achieved a P/E of 14.6 in January, 2010 at the height of its market price. For the purpose of this computation, a P/E multiple of 10 is justifiably conservative. Multiplying the P/E of 10 times the FY2011 EPS of $1.67 yields an estimated intrinsic value of $16.70 per share.

The 12-month target price of $16.70 is based on a P/E multiple of 10 and EPS of $1.67 in FY2011.

The present value (PV) of the stated intrinsic value, $16.70 per share, will assist in determining what price range is suitable in the near term. A higher discount rate (essentially reverse compounded interest) of 15% – 20% will be applied because of the underlying risk factors. As an aside, this also means that we can expect to gain the same 15% – 20% rate of compounded interest in the future as intrinsic value is realized. This set discount rate yields a PV of $14.52 - $13.92 per share, respectively. (This PV range is a P/E multiple of 12 – 13 based on EPS of $1.13 over TTM.) This stated range fairly represents the company's value as demonstrated by the market pricing of the company during January, 2010 in which the stock traded in this range.

Should a margin of safety be necessary because of enhanced risk factors, a rate of 25% can be applied against the PV range of $13.92 - $14.52. The new market range for Orient Paper would thus be $10.44 - $10.89. The current market price of $5.45 per share (closing price, October 28) is essentially a high margin of safety range exceeding 60% of the company's intrinsic value. Assuming that the company can restore market confidence, the margin of safety will be considerably lower and the market price will rise accordingly.

Future Value

Purchasing the company's common stock today could yield high returns in years to come based on stated projections. For example, the FY2012 valuation of the company would be $19.50 per share on a similar basis of a P/E multiple of 10 x $1.95 EPS in FY2012. Starting first with the current market pricing of $5.45 and using a factor of 2 years, the investor could gain $14.05 a share or an 89% CAGR return. For those institutional investors who bought in at the $8.25 threshold, their investment could yield a gain of $11.25 per share over two years or a 54% CAGR return. A fair amount of trading was witnessed at the $10 and $12 levels throughout January and February 2010, which could represent a respectable 40% and 27% CAGR return, respectively. Finally, the January 2010 stock high of $15 gains a 14% CAGR return over two years which is still above average major index gains, t-bonds, and inflation. And finally, the stated intrinsic value range would gain the set discount rate of 15% – 20% should the stock realize projected future potential in 2012.

Section 4, Risks

HBOP Ownership & Legal Structure

Until properly addressed and resolved by Orient Paper, one significant area of concern for shareholders should be the confusing chain of control over the company's operating entities, specifically Hebei Baoding Orient Paper Milling Company Limited (HBOP). In sum, Orient Paper acquired Shengde Holdings, Inc., a Nevada corporation, and its wholly-owned subsidiary, Baoding Shengde (operating as a foreign-owned entity in the PRC) in June, 2009; Baoding Shengde controls HBOP through an Exclusive Technical Service and Business Consulting Agreement (and other Agreements) signed also in June 2009. This structure was put in place because other efforts failed in transferring equity ownership to Orient Paper (Chairman Liu presently holds 93% equity ownership of HBOP). This complex trail essentially boils down to ownership control of a PRC-established company (HBOP) by a foreign entity (ONP/Baoding Shendge). The company reported in 2010 that "*Under the laws of China, if a foreign entity* [i.e., Baoding Shendge]*, through a foreign investment company that it invests in* [i.e., ONP], *acquires a domestic related company* [i.e., HBOP], *China's regulations regarding mergers and acquisitions may technically apply to the transaction.*"

One important term of the June 2009 Agreements signed between Orient Paper/Baoding Shengde and HBOP is that HBOP is to remit 80% of its annual net income to Baoding Shengde. Another important term within the "Call Option Agreement" is that HBOP must remit all equity ownership at the demand and payment of Baoding Shengde. The questionability of local PRC law and its application seem to be the fundamental reason the company has not taken any reported measures to acquire HBOP's equity since signing the June 2009 Agreements and calls into question whether they will in the near future.

Confusion surrounding local PRC law does not allow for the company to say with complete certainty that the legal structure and arrangement is in full compliance with such. Furthermore, the company does not want to proactively invite local PRC authorities to render an official position on the corporate relationship. Orient Paper's legal agreement(s) with HBOP has satisfied its past and present public auditors and its institutional investors. However, Deloitte & Touche may scrutinize the way the company currently describes the arrangement and more specifically, what procedures the company uses to reflect the financial statements of HBOP, specifically considering some of the following points (among others):

a. What percentage of HBOP's revenues, assets, and otherwise is Orient Paper reporting as its own? Assuming that they are reporting 100% (or any %) of HBOP's revenues, et. al., is that percentage true and correct under its legal and contractual arrangement?
b. As required by the June 2009 Agreements, does HBOP actually transfer the obligated funds, i.e., "80% of HBOP's total annual net profits" to a bank account directly controlled by Orient Paper/Baoding Shengde (i.e., not HBOP-controlled). Or, are all operating funds held in HBOP's accounts and merely reported as owned/controlled by Orient Paper? (The company did release statements in 2010 stating that the proceeds of the April 2010 equity financing were being held directly in accounts controlled by Boading Shengde.)
c. Are shareholders fairly protected under the existing contractual arrangements and is this accurately conveyed through disclosure statements?
d. Is there sufficient and reasonable justification to not fully address the equity ownership of HBOP, and/or when will the company resolve this matter?

Temporary, One-Time Loss in Market Value

On June 28, 2010 a research entity known as Muddy Waters, LLC released a report alleging that Orient Paper was engaged in a sophisticated scheme of wide-spread fraud. Prior to the report, the company's market price had been slowly declining from an $11.75 high at the end of April to an $8.25 low just before the report was released. Within three days of the report being released, the market price plummeted by over 50%, bottoming out at $4.11. The stock rebounded a bit thereafter before settling in the $4 range for the better part of the next four months.

The company quickly issued press releases denouncing such allegations and included detailed answers to questions of: the company's use of equity proceeds, consistent annual filings in the PRC and US, the company's top 10 customers, its transportation logistics, its inventory and inventory turnover, and its gross margins. The company also voluntarily retained Loeb & Loeb LLP and Deloitte & Touche Financial Advisory Services Limited to conduct an independent investigation into the issues raised by Muddy Waters. On October 25, the company reported that the investigation is in its "final stage" and the Audit Committee would report its findings to the Board of Directors within three weeks (week of November 15, 2010). The market has responded favorably to this latest corporate communication and the market price has passed and held above the $5 threshold for the first time since August 19, 2010.

The independent investigation should ultimately review and confirm several key areas, such as the accuracy of current and historical financials presented by Orient Paper and the legal structure, revenue/asset reporting, and calculation of the company's financials based on its relationship with HBOP. Other important elements include the accounting practices used by Orient Paper/HBOP to calculate costs such as SG&A, R&D, and advertising costs. Issues related to asset/PP&E valuation, customer and supplier validity/relationships, and use of equity proceeds are also relevant.

Despite the allegations made against Orient Paper, there are a number of other factors to consider in defense of the company:

a. The company has repeatedly denied any wrongdoing, provided a detailed response to the allegations, and is incurring the expense and effort of voluntarily submitting to an independent audit by a reputable Big 4 audit firm, Deloitte & Touche. The company immediately provided evidence supporting its response to shareholders which included a bank certification, equipment photographs, and access to local PRC bureau Administration of Industry and Commerce records of the company's annual PRC filings.
b. The company had already taken an important step of appointing a prominent public auditor in December 2009 to audit and certify FY2009 financial statements.
c. After the allegations were made, the company released record-high Q2 2010 earnings and the company has continually stated it will meet FY2010 net income obligations.
d. The company reports that it submitted to extensive onsite due diligence performed by Roth Capital Partners prior to the April 2010 capital raise, obviously without finding concern of fraud. Equally as telling, Roth Capital Partners and other institutional investors have not (reported) filed suit against Orient Paper.
e. The Chairman has not personally gained from holding 28% of the company's common stock and had previously offered 750,000 of his personal shares as collateral for meeting FY2009 and FY2010 benchmarks.

Section 5, Conclusion

Short-Term Outlook

Orient Paper, Inc. is well-positioned for future growth and has a historical track record of achieving sustainable margins while increasing sales. The company has working in its favor strong underlying economics: value, growth, and strong management. The 2010 addition of the 360,000 ton production line is a major reason why the company will achieve new vertical growth in 2011 and beyond. The rising Average Sale Prices for all paper products produced by the company is a positive consequence of a strong and growing PRC paper sector which will support the company's increase in production.

The market continues to wait for the release of the independent investigation results in response to fraud allegations against the company. The actions taken by the company since allegations were made have been strong. The investigation results should restore the market's confidence in the company should the results of the audit find no fraudulent action by the company or its management.

The intrinsic value of the company has quietly increased since the institutional valuation of $8.25 per share in April 2010. FY2010 earnings should be strong as the company already reported record-high quarterly earnings and net income (Q2, 2010) and Q3 & Q4 are historically high-sales marking periods for the sector. The company is on pace to achieve its guaranteed $18M net income (+/- 10%) in FY2010 and continued progress has been made to install the new 360,000 ton production line.

The future valuation of the company conservatively set at a P/E multiple of 10 is $16.70 based on estimated EPS of $1.67 in FY2011. Based on current market pricing of $5.45, this stock is rated as a STRONG BUY.

Exhibits

A. Orient Paper, Inc. Income Statement, FY2005-FY2012
B. Orient Paper, Inc. Balance Sheets, FY2006 – June 30, 2010
C. Orient Paper, Inc. Financial Ratios
D. Comparison of Orient Paper, Inc. with Competitors

Disclosures

Independent Research Associates and/or its affiliates may have an interest in buying and selling the securities of Orient Paper, Inc.

This Report was prepared for informational purposes only. Information and data stated in this Report was obtained through publicly-available sources, including but not limited to the company's SEC Filings FY2007 - FY2010 and Press Releases, Yahoo! Finance, MSN Money, Morningstar, and Thompson Reuters. Any factual or otherwise inaccuracies contained in these public sources and databases may materially affect the opinions and recommendations set forth in this report. As such, the analyst makes no warranty or representation that this Report or its contents are current or that they have been updated based on changes in the economic market or other factors.

The research analyst responsible for the content of this report certifies the following under Regulation Analyst Certification: I hereby certify that all views expressed in this report accurately reflect my personal views about the subject company and its securities. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Exhibit A, Orient Paper, Inc. Income Statements, FY2005-FY2012

(In thousands, US Dollars)	2005A	2006A	2007A	2008A	Mar '09A	Jun '09A	Sep '09A	Dec '09A	2009A	Mar '10A	Jun '10A	09-'10A TTM	Sep '10E	Dec '10E	2010E	2011E	2012E	FY05-12 CAGR
Revenues																		
Historical Business Revenues	22,688	30,561	39,707	65,204	17,837	22,400	30,549	31,357	102,143	26,109	37,117	125,132	33,593	33,593	130,411	134,370	147,807	
Photo Paper Revenues	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	349	1,140	1,489	2,531	3,375	7,395	13,500	14,344	
New White/Brown Capacity	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	3,940	3,940	85,050	113,400	
Total Revenues	**22,688**	**30,561**	**39,707**	**65,204**	**17,837**	**22,400**	**30,549**	**31,357**	**102,143**	**26,458**	**38,257**	**126,621**	**36,124**	**40,908**	**141,746**	**232,920**	**275,551**	42.9%
Year-over-Year Growth Rate	--	*34.7%*	*29.9%*	*64.2%*	*31.9%*	*27.6%*	*67.3%*	*97.6%*	*56.7%*	*48.3%*	*70.8%*	--	*18.2%*	*30.5%*	*38.8%*	*64.3%*	*18.3%*	
Gross Costs																		
Historical Business Gross Costs	18,616	25,230	33,099	52,644	14,501	18,431	23,423	25,753	82,108	21,499	28,515	99,190	26,874	26,874	103,762	107,496	118,246	
Photo Paper Gross Costs	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	119	616	735	1,366	1,821	3,922	7,285	7,740	
White/Brown Gross Costs	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	3,152	3,152	68,040	90,720	
Cost of Sales	**18,616**	**25,230**	**33,099**	**52,644**	**14,501**	**18,431**	**23,423**	**25,753**	**82,108**	**21,618**	**29,131**	**99,925**	**28,240**	**31,847**	**110,836**	**182,821**	**216,705**	
Gross Profit	**4,072**	**5,331**	**6,609**	**12,560**	**3,336**	**3,969**	**7,126**	**5,604**	**20,035**	**4,841**	**9,126**	**26,697**	**7,884**	**9,060**	**30,911**	**50,099**	**58,845**	46.5%
Historical Bus. Gross Prod. Margin	*17.9%*	*17.4%*	*16.6%*	*19.3%*	*18.7%*	*17.7%*	*23.3%*	*17.9%*	*19.6%*	*17.7%*	*23.2%*	*20.7%*	*20.0%*	*20.0%*	*20.4%*	*20.0%*	*20.0%*	
Photo Paper Gross Margin	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*66.0%*	*46.0%*	*50.7%*	*46.0%*	*46.0%*	*47.0%*	*46.0%*	*46.0%*	
White/Brown Gross Margin	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	
Gross Margin	*17.9%*	*17.4%*	*16.6%*	*19.3%*	*18.7%*	*17.7%*	*23.3%*	*17.9%*	*19.6%*	*18.3%*	*23.9%*	*21.1%*	*21.8%*	*22.1%*	*21.8%*	*21.5%*	*21.4%*	
SG&A Expenses	162	293	274	298	199	276	492	1,062	2,029	439	638	2,631	788	906	2,771	5,010	5,885	
R&D Costs (Inc in SG&A)	*NR*	*NR*	*NR*	30	*NR*	*NR*	*NR*	*NR*	31	*NR*	*NR*	--	--	--	40	50	60	
Disposal of Prop., Plant, & Equip.	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	1,082	1,082	1,800	*N/A*	2,882	3,000	4,000	
Operating Income	3,910	5,038	6,335	12,232	3,137	3,693	6,634	4,542	18,006	4,401	7,406	22,983	5,295	8,154	25,257	42,089	48,961	
Operating Margin	*17.2%*	*16.5%*	*16.0%*	*18.8%*	*17.6%*	*16.5%*	*21.7%*	*14.5%*	*17.6%*	*16.6%*	*19.4%*	*18.2%*	*14.7%*	*19.9%*	*17.8%*	*18.1%*	*17.8%*	
Other Income (Expense), net																		
Interest Income	*NR*	*NR*	*NR*	65	25	7	36	41	109	27	62	166	40	40	169	200	200	
Interest (Expense)	(284)	(275)	(272)	(598)	(90)	(326)	(208)	(104)	(728)	(163)	(170)	(645)	(150)	(150)	(633)	(360)	(120)	
Total Other Income (Expense)	(242)	(279)	(272)	(533)	(65)	(319)	(172)	(63)	(619)	(136)	(108)	(479)	(110)	(110)	(464)	(160)	80	
Income Before Income Taxes	3,667	4,759	6,062	11,699	3,072	3,374	6,462	4,479	17,386	4,265	7,298	22,504	5,185	8,044	24,793	41,929	49,041	
Provision for Income Taxes	1,210	1,566	2,001	2,925	774	899	1,647	1,346	4,666	1,139	1,946	6,078	1,400	2,172	6,657	11,321	13,241	
Implied Tax Rate	*33.0%*	*32.9%*	*33.0%*	*25.0%*	*25.2%*	*26.6%*	*25.5%*	*30.1%*	*26.8%*	*26.7%*	*26.7%*	*27.0%*	*27.0%*	*27.0%*	*26.9%*	*27.0%*	*27.0%*	
Net Income	**2,457**	**3,193**	**4,062**	**8,774**	**2,299**	**2,475**	**4,815**	**3,133**	**12,720**	**3,126**	**5,352**	**16,426**	**3,785**	**5,872**	**18,136**	**30,609**	**35,800**	46.6%
Net Margin	***10.8%***	***10.4%***	***10.2%***	***13.5%***	***12.9%***	***11.0%***	***15.8%***	***10.0%***	***12.5%***	***11.8%***	***14.0%***	***13.0%***	***10.5%***	***14.4%***	***12.8%***	***13.1%***	***13.0%***	
Year-over-Year Growth Rate	--	*30.0%*	*27.2%*	*116.0%*	*59.2%*	*7.3%*	*107.1%*	*16.0%*	*45.0%*	*36.0%*	*116.2%*	--	*-21.4%*	*87.4%*	*42.6%*	*68.8%*	*17.0%*	
Foreign Currency Translation Adj	--	551	1,419	1,302	(47)	(100)	48	(10)	(109)	9	319	366	--	--	--	--	--	
Total Comprehensive Income	--	3,744	5,481	10,076	2,252	2,375	4,863	3,123	12,612	3,135	5,670	16,791	3,785	5,872	18,136	30,609	35,800	
	--																	
Earnings Per Common Share, Basic	--	**0.42**	**0.41**	**0.81**	0.20	0.22	0.41	0.21	**1.04**	0.21	0.30	1.13	0.21	0.32	**1.04**	**1.67**	**1.95**	29.2%
Year-over-Year Growth Rate	--	--	*-4.3%*	*101.1%*	--	--	--	--	*27.8%*	--	--	--	--	--	*-0.1%*	*60.5%*	*17.0%*	
Earnings Per Common Share, Diluted	--	**0.42**	**0.41**	**0.81**	0.20	0.22	0.41	0.21	**1.04**	0.21	0.30	1.13	0.21	0.32	**1.04**	**1.67**	**1.95**	
	--																	
Weighted Avg Basic Shares Out.	--	7,545	10,025	10,770	11,275	11,276	11,698	14,639	12,222	14,890	18,114	14,835	18,339	18,339	17,421	18,339	18,339	
Weighted Avg Diluted Shares Out.	--	7,545	10,025	10,770	11,275	11,276	11,717	14,664	12,233	14,894	18,114	14,847	18,339	18,339	17,422	18,339	18,339	
Price to Earnings (P/E) Ratio	*N/A*	*N/A*	*N/A*	0.29	0.61	2.07	5.19	10.07	10.07	7.88	5.91	4.82	--	--	--	--	--	
Market Share Price (Y or Q Closing Date)	*N/A*	*N/A*	*N/A*	*0.24*	*0.52*	*1.80*	*5.60*	*10.48*	*10.48*	*8.35*	*6.68*	*5.45*	--	--	--	--	--	

**NR - Not Reported*

DATA:

As of October 29, 2010

Based on Last Fiscal Year or Trailing Twelve Months Data where applicable

Retrieved from multiple public sources including ONP SEC Filings from FY2007 - FY2010, Yahoo! Finance, MSN Money, Morningstar, Thompson Reuters

Exhibit B, Orient Paper, Inc. Balance Sheets, FY2006-June 30, 2010

(In thousands, US Dollars)	Dec '06	Dec '07	Dec '08	Dec '09	Jun '10
Current Assets:					
Cash and cash equivalents	81	623	3,234	6,950	22,090
Restricted Cash	0	0	0	29	0
Accounts Receivable	1,626	1,113	1,426	2,057	3,605
Inventories	2,682	401	2,821	6,926	9,329
Prepayment and other current assets	0	0	0	434	384
Total Current Assets	**4,389**	**2,137**	**7,481**	**16,396**	**35,407**
Growth Rate	***--***	***-51.3%***	***250.1%***	***119.2%***	***115.9%***
Prepayment on prop., plant, and equip.	0	0	0	0	19,901
Property, plant, and equipment (Net)	34,274	34,594	45,341	55,304	52,463
Total Assets	**38,663**	**36,730**	**52,822**	**71,700**	**107,771**
Growth Rate	***--***	***-5.0%***	***43.8%***	***35.7%***	***50.3%***
Current Liabilities					
Short-term bank loans	5,357	6,039	6,859	4,274	1,909
Accounts payable	1,668	573	741	1,819	3,648
Accrued payroll and employee benefits	0	0	0	271	277
Other payables and accrued liabilities	2,564	2,530	0	1,663	2,179
Income taxes payable	1,832	851	1,048	1,345	2,043
Total current liabilities	**11,422**	**9,993**	**8,647**	**9,372**	**10,056**
	--	***-12.5%***	***-13.5%***	***8.4%***	***7.3%***
Long Term Debt (less current)					
Loan from credit union	0	0	1,948	1,942	1,950
Loan from related parties	9,209	3,224	8,138	4,111	4,128
Total Long Term Debt	**9,209**	**3,224**	**10,086**	**6,053**	**6,078**
Total Liabilities	**20,631**	**13,217**	**18,733**	**15,425**	**16,134**
	--	***-35.9%***	***41.7%***	***-17.7%***	***4.6%***
Stockholder's Equity					
Common stock	40	40	45	15	18
Additional paid-in capital	9,070	9,070	9,565	19,169	45,728
Statutory earnings Reserve	1,154	1,763	3,079	4,442	4,442
Accumulated other comprehensive income	872	2,291	3,593	3,984	4,306
Retained earnings	6,896	10,349	17,807	28,664	37,142
Retained Earnings Growth Rate	--	*50.1%*	*72.1%*	*61.0%*	*29.6%*
Total Equity	**18,032**	**23,513**	**34,089**	**56,275**	**91,637**
	--	***30.4%***	***45.0%***	***65.1%***	***62.8%***
Total Liabilities and Stockholders' Equity	**38,663**	**36,730**	**52,822**	**71,700**	**107,771**

DATA:

As of October 29, 2010

Based on Last Fiscal Year or Trailing Twelve Months Data where applicable

Retrieved from multiple public sources including ONP SEC Filings from FY2007 - FY2010, Yahoo! Finance, MSN Money, Morningstar, Thompson Reuters

Exhibit C, Orient Paper, Inc. Financial Ratios

	Ratio	Desired Rating	ONP	US Co's Avg	PRC Co's Avg	Indication	Comments	Formula Used
A	**Profitability Ratios (how firm gets a return on sales, its assets, and its invested capital)**							
1	Profit Margin	↑	**12.97%**	8.28%	10.04%	How much profit is being produced per dollar of sales	The company has sustained similar profit margin percentages since data was first available in 2006. Solid margin in a competitive commodity industry.	Net Income / Sales
2	Return on Assets	↑	**15.24%**	7.74%	6.87%	How well assets are being used to produce revenue	Although the company heavily relies on its assets and is expanding such, the ROA is good.	Net Income / Total Assets
3	Return on Equity	↑	**17.93%**	4.72%	11.46%	How much profit a company generates with the money shareholders have invested in it	The company earns $.18 for each $1 invested.	Net Income / Total Equity
B	**Asset Utilization Ratios (the speed at which the firm is turning over it's A/R, inventory, and longer-term assets)**							
4	Receivable Turnover (times per year)	↑	**35.12**	11.64	14.02	A low ratio implies the company should re-assess its credit policies in order to ensure the timely collection of imparted credit that is not earning interest for the firm.	AR is low and the high ratio here indicates the company turns its AR and inventory of finished goods many times over each year, well above industry norms.	Sales / Accounts Receivables
5	Average Collection Period (days)	↓	**10.39**	61.05	49.57	The number of days before customers "pay their bills" (on average).	Due to the company's FOB payment terms, the company's average collection period is excellent.	AR / (Sales / 365)
6	Inventory Turnover (times per year)	↑	**13.57**	9.85	6.98	A low turnover implies poor sales and, therefore, excess inventory, while a high ratio implies strong sales and minimal inventories.	As indicated above, AR/inventory is "turned" many times over. The company has been steadily & strategically increasing its inventory in 2010.	Sales / Inventory
7	Fixed Asset Turnover (times per year)	↑	**1.75**	1.81	1.07	Measures a company's effectiveness in generating Net Sales revenue from investments back into the company.	The company's fixed asset turnover is in line with industry standards.	Sales / Net Property Plant & Equipment
8	Total Asset Turnover (times per year)	↑	**1.17**	0.88	0.65	Calculates the total sales for every dollar of assets a company owns.	The company's total asset turnover is marginally better than industry standards indicating an overall better utilization of assets.	Sales / Total Assets
C	**Liquidity Ratios (↑ means a company is in better position to meet short-term debt obligations)**							
9	Current Ratio	↑	**3.52**	2.18	1.79	Shows the ability to meet short term debts. This ratio should be 1.0 or greater for liquidity.	The company has significantly reduced its current long term debt in 2010, and thus maintains a strong ability to sustain itself in the short term.	Current Assets / Current Liabilities
10	Quick Ratio	↑	**2.59**	1.52	1.27	Measure of the firm's ability to pay-off short-term obligations without relying on sale of inventories. This ratio should be 1.0 or greater for liquidity.	Even with the more stringent analysis, the company's position against current LTD is excellent.	(Current Assets - Inventory) / Current Liabilities
D	**Debt Utilization Ratios (how well a company is using its debt and its ability to repay it)**							
11	Debt to Total Assets	-	**0.15**	0.70	0.44	A metric used to measure a company's financial risk by determining how much of the company's assets have been financed by debt. If the ratio is less than one, most of the company's assets are financed through equity rather than debt.	The company is highly leveraged on equity in 2010 based on its April 2010 capital raise. Clearly the company prefers this approach to being debt-leveraged, consistent with the industry trends.	(Total Assets - Total Equity) / Total Asset
12	Times Interest Earned	↑	**35.63**	8.07	11.64	Indicates how many times a company can cover (or pay) it's interest charges on a pretax basis since failure to meet these obligations could force a company into bankruptcy.	Low debt for the company represents a strong ability to pay its interest many times over.	EBIT / Total Interest
E	**Market Value (how the market perceives the company)**							
13	Price/Sales Ratio (PSR)	-	**0.80**	0.73	2.01	Revenue-based valuation using the market capitalization as an indicator. Markets seek an equilibrium of 1.0 between market cap & revenue. Less than 1.0 is an indication that revenue justifies a greater market cap, thus a greater stock price.	Another way to look at it: Raising the market Cap equal to revenue ($126.6M) + current LTD / shares outstanding (18.1M) yields a price of $7.10 per share to achieve an equilibrium of 1.0.	(Market Cap + Current Long Term Debt) / 12 month earnings
14	Market Cap to Net Assets	↓	**1.09**	6.24	6.97	The lower ratio indicates a higher percentage of assets to the total market capitalization.	The company is well above industry standards for maintaining a high degree of net assets compared with its market capitalization.	Market Cap / Net Tangible Assets

DATA:

As of October 29, 2010

Based on Last Fiscal Year or Trailing Twelve Months Data where applicable

Retrieved from multiple public sources including ONP SEC Filings from FY2007 - FY2010, Yahoo! Finance, MSN Money, Morningstar, Thompson Reuters

Exhibit D, Comparison of Orient Paper, Inc. with Competitors

Comparison of ONP with 5 Similar Companies Traded on US Exchanges

	Company	Orient Paper, Inc.	International Paper Co.	Temple-Inland, Inc.	Hadera Paper Ltd.	Neenah Paper, Inc.	Verso Paper Corp.	Selected Companies Averages
	Ticker Symbol	AMEX: ONP	NYSE: IP	NYSE: TIN	AMEX: AIP	NYSE: NP	NYSE: VRS	
	Market Capitalization	$82M	$11.1B	$2.2B	$431M	$227M	$192M	
	Revenue	$126.6M	$23.8B	$3.6B	$249.7M	$640.5M	$1.5B	
	P/E Ratio	4.04	48.62	12.79	15.82	11.04	-	18.46
A	**Profitability Ratios**							
1	Profit Margin	**12.97%**	0.84%	3.35%	10.46%	24.40%	-2.35%	8.28%
2	Return on Assets	**15.24%**	0.80%	2.10%	3.98%	26.73%	-2.42%	7.74%
3	Return on Equity	**17.93%**	3.53%	14.96%	11.58%	114.25%	-133.94%	4.72%
B	**Asset Utilization Ratios**							
4	Receivable Turnover (times per year)	**35.12**	7.09	6.57	2.21	6.86	11.98	11.64
5	Average Collection Period (days)	**10.39**	51.49	55.59	165.13	53.23	30.46	61.05
6	Inventory Turnover (times per year)	**13.57**	10.77	8.46	5.07	9.75	11.49	9.85
7	Fixed Asset Turnover (times per year)	**1.75**	1.87	2.29	0.80	2.56	1.57	1.81
8	Total Asset Turnover (times per year)	**1.17**	0.95	0.63	0.38	1.10	1.03	0.88
C	**Liquidity Ratios**							
9	Current Ratio	**3.52**	1.86	2.21	1.35	2.19	1.96	2.18
10	Quick Ratio	**2.59**	1.32	1.32	1.06	1.50	1.30	1.52
D	**Debt Utilization Ratios**							
11	Debt to Total Assets	**0.15**	0.77	0.86	0.66	0.77	0.98	0.70
12	Times Interest Earned	**35.63**	1.18	3.69	4.93	2.28	0.73	8.07
E	**Market Value**							
13	Price/Sales Ratio (PSR)	**0.69**	0.47	0.62	1.97	0.37	0.26	0.73
14	Market Cap to Net Assets	**0.94**	3.21	5.37	1.91	3.00	23.02	6.24

DATA:

As of October 29, 2010

Based on Last Fiscal Year or Trailing Twelve Months Data where applicable

Retrieved from multiple public sources including ONP SEC Filings from FY2007 - FY2010, Yahoo! Finance, MSN Money, Morningstar, Thompson Reuters

Comparison of ONP with 4 Chinese-based Competitors Listed on Asian Exchanges

	Company ($ USD)	Orient Paper, Inc.	Shandong Chenming Paper Holdings Ltd.	Nine Dragons Paper (Holdings) Ltd	Lee & Man Paper Manufacturing Ltd.	Henan Yinge Industrial Investment Co. Ltd.	Selected Companies Averages
	Ticker Symbol	AMEX: ONP	SHE: 000488	HKG:2689	HKG:2314	SHA:600069	
	Market Capitalization	$82M	$2.0B	$7.5B	$3.8B	$726M	
	Revenue	$126.6M	$2.2B	$2.7B	$1.4B	$173.7M	
	P/E Ratio	4.04	11.58	22.61	16.39	82.22	27.37
A	**Profitability Ratios**		*Dec 09*	*Jun 10*	*Mar 10*	*Dec 09*	
1	Profit Margin	**12.97%**	6.41%	12.36%	16.52%	1.96%	10.04%
2	Return on Assets	**15.24%**	3.38%	5.38%	9.30%	1.04%	6.87%
3	Return on Equity	**17.93%**	6.47%	11.45%	19.18%	2.28%	11.46%
B	**Asset Utilization Ratios**						
4	Receivable Turnover (times per year)	**35.12**	9.74	5.30	3.35	16.61	14.02
5	Average Collection Period (days)	**10.39**	37.49	68.87	109.11	21.98	49.57
6	Inventory Turnover (times per year)	**13.57**	6.68	4.78	5.04	4.82	6.98
7	Fixed Asset Turnover (times per year)	**1.75**	1.10	0.60	0.90	1.02	1.07
8	Total Asset Turnover (times per year)	**1.17**	0.53	0.44	0.56	0.53	0.65
C	**Liquidity Ratios**						
9	Current Ratio	**3.52**	1.49	1.46	1.45	1.02	1.79
10	Quick Ratio	**2.59**	1.18	0.88	0.97	0.75	1.27
D	**Debt Utilization Ratios**						
11	Debt to Total Assets	**0.15**	0.48	0.53	0.52	0.54	0.44
12	Times Interest Earned	**35.63**	3.14	5.77	12.53	1.14	11.64
E	**Market Value**						
13	Price/Sales Ratio (PSR)	**0.69**	0.97	2.89	2.87	2.62	2.01
14	Market Cap to Net Assets	**0.94**	0.77	16.59	14.18	2.39	6.97

DATA:

As of October 29, 2010

Based on Last Fiscal Year or Trailing Twelve Months Data where applicable

Retrieved from multiple public sources including ONP SEC Filings from FY2007 - FY2010, Yahoo! Finance, MSN Money, Morningstar, Thompson Reuters