

January 25, 2006
 Mitsubishi Paper Mills
 Takeshi Sato, President

Tokushu Paper takes a stake in Kitakami Hitec Paper

Mitsubishi Paper Mills (MPM) and Tokushu Paper MFG. Co., Ltd. (TSK) have agreed that MPM would transfer 20 percent share of Kitakami Hitec Paper (KHP), which MPM currently holds 100% share, to TSK. MPM and TSK have concluded stock transfer contract today. KHP, former Kitakami mill of MPM, was established in April 1, 2005 to manufacture and sell pulp, resin coated papers and hygiene papers. MPM announced in the Phoenix Plan that KHP would add printing and information papers to its lineup to increase operation rate and strengthen corporate structure.

TSK has a prominent reputation as a pioneer of special papers in Japan. Its brand, product development and technology are highly appraised by their clients, designers and market. MPM and TSK, with the spirit of reciprocity, will collaborate to each other. KHP will supply high-grade pulp to TSK and seek the possibility of further cooperation. TSK is going to dispatch one part-time director to KHP.

This transaction does not influence MPM's financial result of fiscal year 2005.

Summary of KHP

Name	Kitakami Hitec Paper Limited
Nature of Business	Production and sales of pulp, resin coated papers and hygiene papers
Foundation	April 1, 2005
Address	35 Sasanagane Aisari Kitakami-city Iwate
Representative	Fumihiko Ishizuka, President
Capital Stock	450 million yen
Stock Holders' Equity	3,000 million yen
Asset	9,495 million yen
Shareholder	Mitsubishi Paper Mills Ltd.(100%)
Others	MPM dispatches directors to KHP Employees of KHP are on loan from MPM MPM purchases above products from KHP

As of April 1, 2005