

News release

April 25, 2006
Takeshi Sato, President

Re: MPM to transfer Organic Photo Conductor business

Mitsubishi Paper Mills Ltd. (MPM) and Hodogaya Chemical Co., LTD. (HCC) have reached an agreement that MPM will transfer Organic Photo Conductor (OPC) business to HCC as of June 1, 2006.

1. Reason for the transfer

MPM has been engaged in OPC business since 1993 and contributed to the growth of electro-photography devices as a parts supplier. However, business environment surrounding OPC is opaque and we cannot anticipate further growth though OPC business. Thus, MPM determined that it should not stick with current business but seek every possibility for this business to continue.

In the meantime, in the course of negotiation with HCC, MPM determined that it should transfer OPC business to HCC because HCC was positioning OPC as one of the core business fields and aimed at strengthening it.

MPM will transfer the OPC plant and some employees engaging in this business are also to be moved.

MPM completes its withdrawal from OPC business, enabling it to focus its management resources on paper business fields that we announced in the Phoenix plan should be strengthened for MPM's structural reform.

2. Business to be transferred

a) Facilities

MPM continues to hold part and parcel of the Shirakawa mill, though a part of manufacturing facilities is transferred to HCC.

b) Personnel

Both companies are discussing the procedure of transferring MPM's employees to HCC.

3. Transferee

Company Name: Hodogaya Chemical Co., Ltd.

Representative: Takashi Okamoto, Chairman and CEO

Main Office: Kawasaki-city Kanagawa

Main Business: Manufacturing and sales of organic synthesis chemistry