

Contribution to the Capital Reserves of a European Subsidiary

Mitsubishi Paper Mills, Ltd. (hereafter MPM) passed the resolution at today's Board of Director's Meeting regarding a contribution to the capital reserves of Mitsubishi Paper Holding (Europe) GmbH (MPM's European subsidiary, hereafter MPH).

1. Purpose of the contribution to the capital reserves

This contribution to the capital reserves is to compensate reduced retained earnings in MPM German Operation's adoption of International Financial Reporting Standards due to the application of "temporary treatment regarding foreign subsidiary's accounting procedure in the formulation of consolidated financial statements" and to reinforce shareholders' equity weakened by past poor profits. It will be used primarily for paying back debt loans.

Business environment surrounding MPM's German Operation is becoming severe due to fierce global competition that also has an appreciable effect on market conditions in the EEA, price increase of raw materials and energy such as natural gas, and reduced margins in export business due to exchange rates.

Therefore, MPM will try to improve its German Operation's performance through fundamental restructuring efforts such as equipment consolidations, personnel rationalizations, cost reductions and business reengineering.

2. Profile of MPH

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| 1) Company Name | Mitsubishi Paper Holding (Europe) GmbH |
| 2) Representative | Nobuo Saito |
| 3) Head Office Location | Am Albertussee 1, 40459 Duesseldorf, Germany |
| 4) Date of Establishment | July 1, 2002 |
| 5) Main Business | Control of MPM's European subsidiaries |
| 6) Capital Stock | 1 million Euro |
| 7) Capital Reserve | |
| | (Before contribution to the capital reserves) 13,473 thousand Euro |
| | (After contribution to the capital reserves) 48,473 thousand Euro |
| 8) Shareholders and Ownership | 100% by MPM |

3. Contents of contribution to the capital reserves

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| 1) Method | Contribution to the capital reserves |
| 2) Amount | 35,000 thousand Euro |
| 3) Date | During November 2008 |

4. Effect on MPM's financial results

This contribution to the capital reserves will not affect MPM's consolidated financial results for the fiscal year ending March 2009.