

Mitsubishi Corporation to Subscribe to Private Placement by Hokuetsu Paper Mills

Mitsubishi Corporation's Board of Directors today decided to acquire an additional approximate 23% equity interest in Hokuetsu Paper Mills, Ltd. (First Section, Tokyo Stock Exchange; Code: 3865) by subscribing to a private placement of shares by this company. Details are below. The purchase of these additional shares will give Mitsubishi Corporation an approximate 24% equity interest in Hokuetsu Paper Mills, which will make the company an equity-method affiliate.

1. Reason for Additional Share Purchase

Mitsubishi Corporation has cooperated with Hokuetsu Paper Mills in a broad range of business areas, including the procurement of raw materials and product sales. Hokuetsu Paper Mills previously announced its plan of investing approximately 55.0 billion yen to establish facilities for producing coated paper at its Niigata Plant, with the aim of commencing operations by the end of 2008. Hokuetsu Paper Mills decided to raise part of the funds for this plant through a private placement of shares. Mitsubishi Corporation has decided to subscribe to all the shares in this private placement and to strengthen its business alliance with Hokuetsu Paper Mills, believing that by doing so it can help to raise Hokuetsu Paper Mills' corporate value. Through the business alliance with Hokuetsu Paper Mills, Mitsubishi Corporation will procure a stable supply of raw materials from a global standpoint and conduct joint sales of products.

2. Profile of Hokuetsu Paper Mills

- (1) Name: Hokuetsu Paper Mills, Ltd.
- (2) President: Masaaki Miwa
- (3) Address: 5-1, Nishizao 3-chome, Nagaoka, Niigata (registered headquarters)
2-2, Hongokucho 3-chome, Nihonbashi, Chuo-ku, Tokyo (Tokyo headquarters)
- (4) Established: 1907
- (5) Main businesses: Manufacture of coated paper, coated paperboard, pulp and other products; sales of paper
- (6) Fiscal year-end: March 31
- (7) No. of employees: 2,822 (consolidated)
- (8) Capital: 26.8 billion yen (as of March 31, 2006)
- (9) Total shares issued: 164,052 thousand (as of March 31, 2006)
- (10) Major shareholders and voting rights (as of March 31, 2006):

The Master Trust Bank of Japan Ltd.	8.45%
Japan Trustee Services Bank Ltd.	8.36%
NIPPONKOA Insurance Co. Ltd.	3.65%
Japan Trustee Services Bank Ltd. (Oji Paper Trust Account)	3.42%
Mizuho Corporate Bank Ltd.	2.86%
The Daishi Bank Ltd.	2.57%
The Hokuetsu Bank Ltd.	2.57%

(11) Operating results (year ended March 31, 2006, consolidated):

Net sales	153.7
Ordinary income	7.2
Net income	3.2
Total assets	232.5
Shareholders' equity	112.8
Dividend per share	12 yen

3. No. of Shares to Be Purchased, Purchase Price, Shareholding Before and After Purchase

- (1) No. of shares held before purchase: 1,564,419 (shareholding: 0.95%)
- (2) No. of shares to be purchased: 50,000,000
- (3) No. of shares to be held after purchase: 51,564,419 (shareholding: 24.09%)
- (4) Purchase price: 607 yen per share (representing a 7% discount on the average closing price of Hokuetsu Paper Mills shares during the period from June 21, 2006 to July 20, 2006)

4. Schedule

July 21, 2006: Board of Directors' resolution

August 7, 2006: Scheduled payment for shares

5. Outlook

This share purchase will have only a negligible effect on Mitsubishi Corporation's earnings forecast for the year ending March 31, 2007, as announced on April 28, 2006. Accordingly, no change will be made to the consolidated earnings forecast for the current fiscal year.

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