Public Notice of Commencement of Tender Offer

August 2, 2006
7-5, Ginza 4-chome, Chuo-ku
Tokyo, Japan
Kazuhisa Shinoda
President and Representative Director
Oji Paper Co., Ltd.

To whom it may concern:

Oji Paper Co., Ltd. (the "Tender Offeror," "Oji" or the "Company") hereby notifies the commencement of a tender offer pursuant to the Securities and Exchange Law of Japan (the "SEL") as follows:

1. Purpose of the Tender Offer

(1) Overview

The purpose of the tender offer commenced by Oji (the "Tender Offer") is for Oji to integrate its business with that of Hokuetsu Paper Mills. Ltd. ("Hokuetsu" or the "Subject Company"; such business integration as the "Business Integration")) through an acquisition by Oji of 100% of the shares of the common stock of Hokuetsu ("Common Shares"). Oji aims to promote efficiency in business operations by sharing the management know-how and resources of the two companies to form a new corporate group with sufficient scale and global competitiveness in the rapidly integrating East Asian market.

In carrying out the Business Integration, Oji intends to acquire 100% of the Common Shares by a Tender Offer followed by a statutory share exchange or other similar means to acquire any remaining Common Shares. After the Business Integration, the Company will consider Hokuetsu as its most important subsidiary and plans to carry out the policies set forth below.

Toward this end, Oji will carry out the Tender Offer so as to acquire all of the Common Shares (excluding the Common Shares held by Hokuetsu, those already held by Oji and those held by Japan Trustee Services Bank, Ltd., i.e., the portion re-trusted with The Sumitomo Trust and Banking Company for the Oji Pension Trust accounts) and to ensure that the Tender Offer provides all Hokuetsu shareholders with a fair and equal opportunity to sell their Common Shares. If Oji fails to purchase 100% of the Common Shares through the Tender Offer, Oji will seek to acquire the remaining Common Shares through a second step transaction. Due care will be given to the interests of the minority shareholders. Further, tax, accounting and other factors will be taken into account in connection with the formulation of such transaction. Oji has not yet decided the second step acquisition method. However, if a statutory share exchange is used, Oji plans to calculate the share exchange ratio based on the purchase price per share offered in the Tender Offer, assuming that there will be no new issuance of Common Shares other than that by the Placement (as defined in (4) below) or any analogous event. The same pricing approach will also be used if another acquisition method is adopted.

(2) Background of the Tender Offer

a. Need for Business Integration

(i) The Rise of the East Asian Markets and their Integration with the Japanese Domestic Market

The printing and communications paper market is rapidly growing in East Asia, especially in China where demand has shown a marked increase. Leading paper and pulp manufacturers in Europe and North America and growth-stage companies in East Asia have achieved economies of scale and a high level of efficiency by installing large, state-of-the-art and efficient facilities in the region and are expected to implement further expansion plans in anticipation of a further increase in demand in the near future. These companies, having highly efficient facilities and high output capabilities, find the Japanese market attractive because of its geographical proximity and large size. At the same time, Japanese domestic paper and pulp manufacturers, including Oji, are aiming to develop further in neighboring markets. These forces, Oji believes, will cause a rapid integration of the Japanese domestic market and the East Asian markets.

(ii) Challenges for Japanese Domestic Pulp and Paper Manufacturers

As indicated, Japanese domestic manufacturers, who had previously operated in a somewhat closed domestic market, are now being forced to compete with foreign manufacturers owning highly efficient facilities in a unified and broader market and will be forced to introduce large and state-of-the-art facilities in order to achieve structural cost reduction. On the other hand, demand in the Japanese domestic market has not moved in tandem with domestic GDP in recent years and, due in part to the proliferation of information technology, has peaked even as the domestic economy continues to grow. Oji believes it is essential to improve efficiency and expand through further reorganization of the industry, such as business integration, to be recognized as a leading paper and pulp manufacturer and to continue to enhance corporate/shareholder value. In addition, since the demand for paper products is expected to grow significantly on a worldwide basis, securing forestry resources (e.g., wood chips) will be a decisive factor in the competition between Oji and other major paper and pulp manufacturers. Oji believes that it will need to have the scale and financial wherewithal supported by reliable revenue sources to secure forestry resources, for example, through large-scale forest plantation projects in various parts of the world.

b. The Effect of the Business Integration

(i) Securing Sufficient Corporate Scale and Financial Ability in the Face of Global Competition and Need for Adequate Investment in Resources

Given Hokuetsu's track record of highly efficient business operations and Oji's extensive management resources, the combination of Oji and Hokuetsu represents an ideal strategic fit. The Business Integration will make it possible to simultaneously achieve economies of scale and improvements in efficiency. As a result of the Business Integration, Oji will be able to establish a structure to make large-scale investments based on abundant cash flows, which is essential to compete globally.

(ii) Synergy Effects including Cost Reductions

Considering factors such as product lines, distribution of manufacturing sites and technical capabilities of both companies, the Business Integration will bring about a wide range of synergies in various areas, such as optimizing production and sales operations, and streamlining logistics including the rationalization of transportation resources, as well as technical exchange, the effect of which is expected to be very significant.

(iii) Establishment of Efficient Manufacturing System by way of "Scrap & Build"

The coordination in the expansion of manufacturing facilities for coated paper that is planned at Hokuetsu with the disposition of aging, small facilities of Oji will lead to the development of efficient manufacturing facilities. On the part of Hokuetsu, the establishment of large facilities will help it realize increases in manufacturing capability sooner than planned and the rates of operation of the new facilities, which have been expected to be low for the time being under the current plan, will be raised in a short time which will allow for efficient manufacturing based on high rates of operation. In addition, Oji will be able to enhance its cost competitiveness, which has been one of Oji's issues in recent years, by the "Scrap & Build" policy, and as a result, will be able to establish production facilities in the most advantageous area for sale in the greater Tokyo metropolitan area.

(iv) Implementation of Appropriate Production and Sales Policies based on Market Trends

Domestic demand in Japan has peaked, but there may be temporary fluctuations in demand or variation among products. In such cases, the more a company relies on certain leading products, the more profits fluctuate and the more difficult it becomes to secure stability in cash flow. The realization of the Business Integration will diversify product lines and will enable Oji to implement appropriate production/sales policies by keeping up with market trends, which will stabilize profitability and enhance the business foundation of the new corporate group.

c. Enhancement of Corporate Value by Business Integration

Oji expects to achieve an annual cost reduction of 7.5 billion yen (before tax) after the initial three-year period following the Business Integration. Also, as a result of the Business Integration, Oji will become the fifth largest paper and pulp manufacturer in the world in terms of revenues and will strive to improve its ROA and ROE.

(3) Management Policies for the Post-Integration Oji/Hokuetsu Group

a. Business Operation Policy to Improve Post-Integration Corporate Value

(i) "Scrap & Build" Policy for Production Facilities to be Implemented through Cooperation between Both Companies

Hokuetsu's Niigata Mill will be the core production base for the printing and communications paper business of the Oji/Hokuetsu Group. By scrapping its aging facilities, Oji plans to concentrate as much as possible on the production capability of the Niigata Mill to maximize its cost competitiveness.

(ii) Enhancement of Joint Activities for the Procurement of Resources in the Future

Oji's forest plantation activity in various parts of the world is a critical factor in gaining a competitive position in the global market. Oji will further concentrate its efforts to increase its ability to procure the necessary raw materials for the new corporate group through the expansion of forest plantation areas.

(iii) Cost Reduction through Joint Purchase of Raw Materials and Fuels

In order to reduce the procurement cost of raw materials and fuels (i.e., wood chips, used paper, heavy oil and coal), Oji plans to make joint purchase arrangements with Hokuetsu and further improve its ability to purchase such items on more favorable terms.

(iv) Enhancing Efficiencies in Logistics

Through the optimization of Oji's logistics network (focusing on the Western part of Japan) and Hokuetsu's network (near the greater Tokyo metropolitan area), Oji plans to enhance efficiency by streamlining logistics, including the rationalization of transportation resources.

(v) Utilization of Oji's R&D Capabilities

By utilizing its patents and R&D capabilities, Oji plans to enhance the quality of Oji/Hokuetsu Group products and thereby achieve superiority in product quality over those made by overseas competitors. Oji also expects synergies from the Business Integration in the development of new products and in the research of various areas, such as new planting and environmental technologies.

b. Post-Integration Management Structure

The Post-Integration Management Structure has not yet been determined. The company name of "Hokuetsu Paper Mills, Ltd." will not be changed.

c. Post-Integration Human Resource Policy

(i) Preservation of Employment

Oji highly values the advanced skills and wealth of experience and knowledge possessed by Hokuetsu's employees, and Oji hopes that they will play a central role in the printing and communications paper business not only for Hokuetsu but also for the entire Oji/Hokuetsu Group. Therefore, Oji is planning to maintain the employment of Hokuetsu's personnel in implementing the Business Integration.

(ii) Preservation of Pay Scale

Oji believes that the salary structure of a company is the backbone of the business operations and corporate culture of a company. Accordingly, Oji is not planning to change the current salary structure of Hokuetsu employees by virtue of the Business Integration.

(iii) Preservation of Work Locations

Oji plans to regard Hokuetsu's Niigata Mill as the core production base for the integrated printing and communications paper business of the Oji/Hokuetsu Group. Thus, Oji is not planning to implement any large-scale personnel relocation of Hokuetsu employees.

(iv) Stable Employment and Contribution to the Local Economy

Oji plans to support the possibility of further expanding Hokuetsu's Niigata Mill. Thus, Oji believes that the Business Integration will contribute to stable employment at the Niigata Mill as well as the maintenance of job opportunities in Niigata Prefecture through development of the Niigata Mill.

d. Maintaining Relationships with Customers and Business Partners

In principle, Oji will maintain relationships with existing customers and trading partners of Hokuetsu.

(4) Information Regarding the Tender Offer

The purchase price of the Tender Offer of 800 yen per share (the "Tender Offer Price") is based on the price that represents an approximately 34% premium over the average closing price of the Common Shares on the Tokyo Stock Exchange, Inc. ("Tokyo Stock Exchange" or "TSE") for the one-month period (June 1, 2006 to June 30, 2006) immediately preceding the date on which Oji submitted a proposal (the "Proposal") for the Business Integration to Hokuetsu (July 3, 2006), but takes into account the impact of the proposed placement of shares (the "Placement") and the proposed business alliance (the "Business Alliance") with Mitsubishi Corporation ("Mitsubishi") resolved by the board of directors of Hokuetsu on July 21, 2006.

a. Tender Offer Price prior to Announcement of the Placement

The Tender Offer Price prior to the announcement of the Placement (the "Unadjusted Tender Offer Price") was 860 yen per share, representing an approximately 34% premium over the average closing price of the Common Shares on the TSE for the one-month period (June 1, 2006 to June 30, 2006) prior to the date of the Proposal (July 3, 2006). The Unadjusted Tender Offer Price also represents an approximately 32% premium over the average closing price of the Common Shares on the TSE for the one-month period (June 22, 2006 to July 21, 2006) prior to the date of Oji's press release entitled "Proposal of Business Integration with Hokuetsu Paper," dated July 23, 2006.

In addition, the enterprise value of Hokuetsu calculated on the basis of the Unadjusted Tender Offer Price amounts to 9.9 times Hokuetsu's EBITDA of 20,594 million yen (for the fiscal year ending March 2006). The equity value of Hokuetsu calculated on the basis of the Unadjusted Tender Offer Price amounts to 28.1 times the estimated net income (for the fiscal year ending March 2007), and 24.4 times the estimated adjusted net income (for the fiscal year ending March 2007) (all figures on a consolidated basis).

(Note 1) EBITDA = operating profit + depreciation expense + amortization of consolidated account adjustment. The financial data is based on the Securities Report for the 168th Term filed by Hokuetsu on June 28, 2006.

(Note 2) Adjusted net income = ordinary income x (1 - effective tax rate)

(Note 3) The estimated net income (for the fiscal year ending March 2007) and the estimated adjusted net income (for the fiscal year ending March 2007) are based on average analyst estimates in the Institutional Brokers Estimate System (I/B/E/S) from May 19, 2006 (the day after Hokuetsu's press release [in Japanese] entitled "Expansion of Coated Paper Production Facilities", dated May 18, 2006) to June 30, 2006.

b. The Tender Offer Price after the Placement

According to Hokuetsu's press release [in Japanese] entitled "Notice Relating to Third-Party Allotment, Change in Major Shareholders, and Business Alliance with Major Shareholder," dated July 21, 2006, the Placement will involve the purchase of 50,000,000 Common Shares by Mitsubishi at a purchase price of 607 yen per share, for a total purchase price of 30.35 billion yen ("Mitsubishi Purchase Price"). The equity value of Hokuetsu based on the Unadjusted Tender Offer Price is approximately 140 billion yen. The Tender Offer Price of 800 yen per share is based on the sum of the Mitsubishi Purchase Price and the equity value, or approximately 170 billion yen, divided by the total number of issued Common Shares of Hokuetsu following the Placement.

If Hokuetsu withdraws the Placement and the Business Alliance and there are no special circumstances that adversely impact the implementation of the Tender Offer, Oji will raise the Tender Offer Price to 860 yen. In such event, Oji plans to recalculate and lower the minimum number of shares to be purchased (the "Tender Offer Minimum") with the assumption that the Placement will not be made.

Hokuetsu announced in its press release [in Japanese] entitled "Regarding the Press Release by Oji Paper Co., Ltd." dated July 24, 2006 and in its press release [in Japanese] entitled "Certain Media Reports Regarding Tender Offer" dated July 29, 2006 that it has no intention to withdraw the Placement and the Business Alliance, and as of August 1, 2006, Oji does not have Hokuetsu's endorsement for the Tender Offer and the Business Integration.

Oji will continue its efforts to obtain the understanding and support of Hokuetsu to consummate the Business Integration.

Because the Tender Offer does not set a maximum number of Common Shares to be acquired, if Mitsubishi becomes a large shareholder by holding 24.44% (based on voting rights) upon the consummation of the Placement, the Common Shares may be delisted in accordance with the delisting rules of the TSE or Osaka Securities Exchange Co., Ltd., depending on the result and by virtue of the Tender Offer. In addition, if Oji has acquired all of the Common Shares by statutory share exchange or other means following the Tender Offer, the Common Shares will be delisted. Once delisted, the Common Shares may not be traded on any stock exchange where they are delisted.

2. Details of the Tender Offer

(1)	Name of Subject Company:	Hokuetsu Paper Mills, Ltd.
(2)	Class of Shares, etc. to be Purchased:	Common stock
(3)	Duration:	August 2, 2006 (Wednesday) through September 4, 2006 (Monday)
(4)	Purchase Price:	800 yen per share

(5) Number of share certificates, etc. to be purchased: 100,818,239 shares

(Note 1) If the total number of tendered shares is less than the Tender Offer Minimum (100,818,239 shares), such tendered shares will not be purchased.

(Note 2) If the total number of tendered shares exceeds the Tender Offer Minimum (100,818,239 shares), all such tendered shares will be purchased.

(Note 3) Common Shares constituting less than a whole unit (*tangen-miman kabu*) will also be purchased through the Tender Offer if the share certificates are submitted. (If the share certificates are deposited with Japan Securities Depository Center, Inc. ("JASDEC") by the Tender Offer Agent, share certificates need not be submitted.)

(Note 4) The calculations are based on the presumption that the Common Shares held by Hokuetsu (1,187,576 shares) will not be acquired through the Tender Offer.

(Note 5) If Hokuetsu withdraws the Placement and Business Alliance, absent special circumstances that adversely impact the implementation of the Tender Offer, Oji will raise the Tender Offer Price to 860 yen per share. In such event, the Tender Offer Minimum will be reduced to reflect the presumption that the Placement will not be implemented. Specifically, the Tender Offer Minimum will be (i) 50% of all issued Common Shares of Hokuetsu minus the number of Common Shares held by Hokuetsu, minus (ii) the number of Common Shares held by Japan Trustee Services Bank, Ltd., i.e., the portion re-trusted with The Sumitomo Trust and Banking Company for the Oji Pension Trust accounts (5,614,000 shares) (based on the information set forth in the Tender Offer Explanatory Statement of the Tender Offer, the reduced Tender Offer Minimum will be 75,818,239 shares).

(6) Ratio of the Shares to be Purchased with Voting Rights to the Total Number of Issued Shares with Voting Rights: 61.90%

(Note 1) The Total Number of Voting Rights of the Shareholders of the Subject Company 160,933 (as of March 31, 2006) is as stated in the Securities Report for the 168th Term filed by the Hokuetsu on June 28, 2006 (with each unit representing 1,000 shares). However, because the Tender Offer is also made for Common Shares constituting less than a whole unit and Common Shares held under a cross-shareholding arrangement, the Total Number of Voting Rights of the Shareholders of the Subject Company as of March 31, 2006, is deemed to be 162,864 for purposes of calculating the ratios , (7) and (8). This number is calculated by adding to 160,933 the number of voting rights represented by the shares constituting less than a whole unit (960 voting rights representing 960,478 shares (961,054 shares constituting less than a whole unit appearing on the Securities Report for the 168th Term filed by Hokuetsu on June 28, 2006 minus 576 Common Shares held by Hokuetsu)) and the 971 voting rights with respect to Common Shares held under a cross-shareholding arrangement.

(Note 2) The above ratios and all other ratios have been rounded off to the nearest hundredths, and hereinafter the same shall apply.

(7) Ownership Percentage of Shares, etc. Held by the Tender Offeror and, Ownership Percentage of Shares, etc. Held by Specially Related Parties on Publication Date and the Sum of Both Ownership Percentages:

Tender Offeror: 3.45%

Specially Related Parties: 0.23%

Total: 3.68%

(Note 1) The Shares Certificates, etc. held by the Tender Offeror includes 5,614 voting rights represented by Common Shares held by Japan Trustee Services Bank, Ltd. (the portion re-trusted with The Sumitomo Trust and Banking Company for the Oji Pension Trust accounts), in accordance with Article 27-2(1)(iii) of the SEL and Article 7(3)(ii) of the Order pertaining to the SEL (the "Order").

(8) Ownership Percentage of Shares, etc. Held by the Tender Offeror after Tender Offer, and Sum of Such Ownership and the Ownership Percentage of Shares, etc. held by Specially Related Parties on the Publication Date:

Tender Offeror: 50.00%

Total: 50.00%

(Note 1) Ownership percentage of specially related parties are included in the Tender Offer, therefore, the ownership percentage of specially related parties is not added to the overall ownership shareholding of the Tender Offeror on the date of public notice.

(Note2) According to Hokuetsu's press release [in Japanese] entitled "Notice Relating to Third-Party Allotment, Change in Major Shareholders, and Business Alliance with Major Shareholder," dated July 21, 2006, the board of directors of Hokuetsu resolved to issue 50,000,000 Common Shares by way of placement to Mitsubishi which will be paid in on August 7, 2006. The 50,000 voting rights represented by the shares to be issued in the Placement to Mitsubishi are added to the denominator.

(Note 3) Since the Tender Offeror will purchase all tendered shares, etc. if such number exceeds the Tender Offer Minimum, the Ownership Percentage of Shares, etc. after Tender Offer may exceed 50.00% and reach 100.00%.

(9) Procedure and Place for Tendering the Shares

a. Tender Offer Agent ("Tender Offer Agent")

Nomura Securities Co., Ltd.
9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo

b. Tendering shareholders must fill out the prescribed "Tender Offer Application Form" and submit such form together with the relevant share certificates to the head office or any branch office in Japan of the Tender Offer Agent, on or prior to 3:30 PM on the last day of the period of purchase ("Tender Offer Period"). A seal will be required upon such application. In addition, identification documents may be required upon application. (Please contact the Tender Offer Agent for details.)

c. In the Tender Offer, no tenders through securities companies other than the Tender Offer Agent will be accepted.

d. If share certificates are already deposited with the Tender Offer Agent (or with JASDEC through the Tender Offer Agent), such share certificates need not be submitted with the Tender Offer Application Form. If a depositary receipt has been issued for such deposited share certificate, such depositary receipt must also be submitted.

e. Shareholders (including corporate shareholders) residing outside of Japan who do not have an account through which a transaction can be made with the Tender Offer Agent ("Non-Japanese Shareholders") must tender through their standing agent residing in Japan.

f. Shareholders who open a new account at Nomura Securities Co., Ltd. must submit identification documents. Shareholders who have an existing account must also submit such identification documents in certain cases. (Please contact the Tender Offer Agent for details regarding the required identification documents.)

g. With respect to capital gains from sale of shares, etc., individual shareholders residing in Japan are subject to self-assessment taxation separate from other income. Individual shareholders are encouraged to contact a tax accountant or other expert for any questions relating to such tax and make their own decision based upon such advice

h. Upon acceptance of a tender, the Tender Offer Agent will deliver a tender receipt to the tendering shareholder.

(10) Name of Securities Company in Charge of Settlement:

Nomura Securities Co., Ltd.

9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo, Japan

(11) Commencement Date of Settlement: September 8, 2006 (Friday)

(12) Method and Place of Settlement:

A notification of purchase will be mailed to the address of each tendering shareholder (in the case of a Non-Japanese Shareholder, to the address of its standing agent) without delay after the expiry of the Tender Offer Period. Payment for the purchase of the shares will be made in cash. The Tender Offer Agent will, without delay after the date on which the settlement procedures commence, remit the purchase price to each tendering shareholder to the place designated by each tendering shareholder in accordance with the instructions given by each such shareholder, or pay the purchase price at the head office or branch office at which the Tender Offer Agent handled the application acceptance procedures.

(13) Method of Returning Share Certificates, etc.:

In the event that all or any of the tendered share certificates, etc. are not purchased under the terms set forth in the subsections entitled "(1) Conditions set forth in each Item of Article 27-13 (4) of the SEL" or "(2) Withdrawal of Tender Offer; Conditions, Terms and Method of Disclosure" of the section titled "(14). Other Conditions and Methods of Purchase" the share certificates etc. required to be returned will be returned to the tendering shareholders pursuant to the shareholders' instruction immediately after the commencement date of settlement (after the date of withdrawal in the event of a withdrawal, etc. of the Tender Offer) by delivering to the applying shareholders, or by mailing to the address of the applying shareholders (or the standing agent of the Non-Japanese Shareholders), or in the case where the share certificates of the shares tendered are kept in custody by the Tender Offer Agent (or by JASDEC through the Tender Offer Agent), the share certificates will be returned so that such shares are held under the same conditions as at the time the application was made.

(14) Other Conditions and Methods of Purchase:

(1) Conditions set forth in each Item of Article 27-13(4) of the SEL

If the total number of tendered shares is less than the Tender Offer Minimum (100,818,239 shares), none of the tendered shares will be purchased. If the total number of tendered shares is equal to or exceeds the Tender Offer Minimum (100,818,239 shares), all the tendered shares will be purchased.

(2) Withdrawal of Tender Offer; Conditions, Terms and Method of Disclosure

The Tender Offeror may withdraw the Tender Offer upon the occurrence of any of the events set forth in Article 14(1)(i)(a) to (i), Article 14(1)(ii) (a) to (h), and Article 14(2)(iii) to (vi), in each case, of the Order.

In addition, the Tender Offeror may withdraw the Tender Offer if, the Japan Fair Trade Commission has not notified the Tender Offeror by the day next preceding the last day of the Tender Offer Period to the effect that the Share Acquisition would not present any issues under the Antimonopoly Law of Japan, a condition described in Article 14(1)(iii) of the Order

Furthermore, the Tender Offeror may also withdraw the Tender Offer upon the occurrence of any of the following events, which are those set forth in a notice regarding tender offer and in the related tender offer statement within the meaning of Article 14(1)(i)(l) of the Order, if such events materially interfere with the fulfillment of the purpose of the Tender Offer:

(i) during the Tender Offer Period, the board of directors of the Subject Company resolves to solicit, from the shareholders of its Common Shares, offers to purchase its shares representing not less than 10% of the sum of all the issued Common Shares as of June 28, 2006 and the Common Shares issued under the Placement (or, if the Placement is withdrawn, not less than 10% of all the issued Common Shares as of June 28, 2006) by granting a right to subscribe for its shares or to allot shares to the shareholders of its common stock by way of gratis issue, and the record date to determine its shareholders entitled to such subscription rights (or the last date for the application to subscribe for such shares) or the record date to determine the shareholders entitled to the right to receive shares (or the effective date), as the case may be, is or precedes the date on which the settlement of the Tender Offer commences;

(ii) during the Tender Offer Period, the board of directors of the Subject Company resolves to solicit, from the shareholders of its Common Shares, offers to subscribe for stock warrants entitling their holders to purchase its shares representing not less than 10% of the sum of all the issued Common Shares as of June 28, 2006 and the Common Shares issued under the Placement (or, if the Placement is withdrawn, not less than 10% of all the issued Common Shares as of June 28, 2006) by granting a right to acquire such stock warrants or to allot such stock warrants to the shareholders of its Common Shares by way of gratis issue, and the record date to determine the shareholders entitled to the right to purchase such stock warrants (or the due date for the application to receive such stock warrants), or the record date to determine the shareholders entitled to receive such stock warrants (or the effective date thereof), as the case may be, is or precedes the date on which the settlement of the Tender Offer commences;

(iii) during the Tender Offer Period, the board of directors of the Subject Company resolves to solicit from the shareholders of its Common Shares, offers to subscribe for stock warrants entitling the holders to purchase its shares representing not less than 10% of the sum of all the issued Common Shares as of June 28, 2006 and the Common Shares issued under the Placement (or, if the Placement is withdrawn, not less than 10% of all the issued Common Shares as of June 28, 2006) with discriminatory exercise conditions (i.e., conditions restricting certain shareholders who hold at a certain point in time a certain percentage of voting rights or shares of the Company from exercising such stock warrants; the definition applies in the remainder of this paragraph (iii)) by granting the right to subscribe for such stock warrants or to allot to its shareholders such stock warrants by way of gratis issue;

(iv) during the Tender Offer Period, the board of directors of the Subject Company resolves to solicit from the shareholders of its Common Shares offers to subscribe for stock warrants entitling the holders to purchase its shares representing not less than 10% of the sum of all the issued Common Shares as of June 28, 2006 and the Common Shares issued under the Placement (or, if the Placement is withdrawn, not less than 10% of all the issued Common Shares as June 28, 2006) with discriminatory acquisition conditions (i.e., terms making it permissible to discriminate between the holders of such stock warrants who hold at a certain point in time a certain percentage of voting rights or shares of the Company and other holders of such stock warrants; the definition applies in the remainder of this paragraph (iv)) by granting the right to acquire such stock warrants or to allot such stock warrants by way of gratis issue;

(v) during the Tender Offer Period, the board of directors of the Subject Company, resolves to conduct a stock split with respect to the shares of the Subject Company, and the record date for such stock split (or the effective date thereof) is or predates the commencement date of the settlement of the Tender Offer; or

(vi) during the Tender Offer Period, the board of directors of the Subject Company resolves to solicit offers to subscribe for shares representing not less than

10% of the sum of all the issued Common Shares as of June 28, 2006 and the Common Shares issued under the Placement (or, if the Placement is withdrawn, not less than 10% of all the issued Common Shares as of June 28, 2006) or stock warrants entitling the holders to purchase its shares representing not less than 10% of the sum of all the issued Common Shares as of June 28, 2006 and the Common Shares issued under the Placement (or, if the Placement is withdrawn, not less than 10% of all the issued Common Shares as of June 28, 2006) (excluding those made by way of allotment to the shareholders of its Common Stock).

In the event that the Tender Offeror decides to withdraw the Tender Offer, the Tender Offeror will place a public notice to such effect electronically which will be publicly announced in the Nihon Keizai Shimbun. However, if there are difficulties in placing such public notice on or prior to the last day of the Tender Offer Period, the Tender Offeror will first make a public announcement in the manner set forth in Article 20 of the Cabinet Ordinance, provided that the Tender Offeror will place the aforementioned public notice immediately after such public announcement.

(3) Matters concerning Tendering Shareholders' Right of Termination of Agreement

Tendering shareholders may, at any time during the Tender Offer Period, terminate any agreements relating to the Tender Offer. In order to terminate any such agreement, the terminating shareholder must deliver or mail the tender receipt and a document setting forth the termination of the agreements related to the Tender Offer ("Termination Document") to the head office or a branch office in Japan of the Tender Offer Agent by 3:30 PM of the last day of the Tender Offer Period. Mailed Termination Documents must be delivered by 3:30 PM of the last day of the Tender Offer Period.

Please note that the Tender Offeror will not claim for any damages or penalty payments from the shareholders who have terminated agreements relating to the Tender Offer, etc. Moreover, the Tender Offeror shall incur any and all expenses that may arise in returning the share certificates in its custody to the tendering shareholders.

(4) Method of Disclosure if the Conditions, etc. of Tender Offer are Changed

To change any of the terms and conditions of the Tender Offer, the Tender Offeror will place a notice to such effect in an electronic public announcement and in the Nihon Keizai Shimbun. However, if it is difficult to place such public notice on or prior to the last day of the Tender Offer Period, the Tender Offeror will first make a public announcement in the manner set forth in Article 20 of the Cabinet Ordinance, provided that the Tender Offeror will place the aforementioned public notice immediately after such public announcement. The revised terms and conditions will also apply to the shares tendered on or prior to the date of such public notice.

(5) Method of Disclosure if Amendment Statement is Filed

If the Tender Offeror submits amendments to the Director of Kanto Local Finance Bureau, the Tender Offeror will immediately make a public announcement regarding any such amendments to the extent that the amendments relate to any information set forth in the Public Notice of Commencement of Tender Offer, in a manner set forth in Article 20 of the Cabinet Ordinance. Furthermore, the Tender Offeror will also immediately amend the relevant portions of the Tender Offer Explanatory Statement and deliver the amended Tender Offer Explanatory Statement to the shareholders who had received the Tender Offer Explanatory Statement prior to such amendments. However, if only limited amendments are made, the Tender Offeror will send only a document setting out the reason for such amendments, the matters that have been amended and the amended information.

(6) Method of Disclosure of Results of Tender Offer

The Tender Offeror will make a public announcement regarding the results of the Tender Offer in accordance with Article 9-4 of the Order of the SEL and Article 30-2 of the Cabinet Ordinance on the day immediately following the last day of the Tender Offer Period.

3. Agreements between Tender Offeror and Subject Company or its directors and officers:

None.

Hokuetsu announced in its press release [in Japanese] entitled "Regarding the Press Release by Oji Paper Co., Ltd." dated July 24, 2006 and in its press release entitled "Certain Media Reports Regarding Tender Offer" dated July 29, 2006 that it has no intention to withdraw the Placement and the Business Alliance, and as of August 1, 2006, Oji does not have Hokuetsu's support for the Tender Offer and the Business Integration.

Oji will continue its efforts to obtain the understanding and support of Hokuetsu to consummate the Business Integration.

4. Place at which a Copy of the Tender Offer Registration Statement is Available for Public Inspection:

Oji Paper Co., Ltd.

7-5, Ginza 4-chome, Chuo-ku, Tokyo Japan

Tokyo Stock Exchange, Inc.

2-1, Nihonbashi Kabutocho Chuo-ku, Tokyo Japan

Osaka Securities Exchange Co., Ltd.

8-16, Kitahama 1-chome, Chuo-ku, Osaka Japan

5. Business Purposes of the Company and its Business

(1) Business Purposes of the Company

The Company's business purposes are as follows:

1. manufacturing, processing and sale/purchase of paper and pulp products and accessory products;
2. manufacturing, processing and sale/purchase of lumber, synthetic resin processed products, packing materials, chemicals, medicines, quasi drug and bonded-fiber fabric;
3. manufacturing, processing and sale/purchase of amylum, glycation products, marine products and alcoholic beverages;
4. business related to chilled water and heat supply including steam;
5. design, installment and sale/purchase related to each of the above items and technical guidance;
6. forest industry, mining industry, printing industry, warehousing business, electricity, transportation, real estate and civil engineering and construction;
7. manufacturing, processing and sale/purchase of equipment for paper pulp and packing, and materials for civil engineering and construction;
8. disposal and recycling of general waste and industrial waste;
9. landscape gardening and greening works, water supply-related installment works and building interior works;
10. designing, manufacturing and sale/purchase of system, various kinds of equipment and machineries related to information processing;

11. planning, producing and staging music, art, cinema and drama events;
12. management of facilities for education, medical services, sports accommodation, leisure and sightseeing;
13. sale/purchase of clothing, foods and other daily goods;
14. agency business relating to non-life insurance and life insurance;
15. general lease business; and
16. any business incidental to each of the above.

(2) The Company's Business

The Oji Group consists of Oji, 220 subsidiaries and 86 affiliates and is engaged in paper/pulp products business, processed paper business, lumber/greenery business, real estate business and transportation business, etc.

Business categories and segments by business of the Oji Group are as follows:

Paper and pulp products business	Oji Paper Co., Ltd., Oji Specialties Paper Co., Ltd., Oji Nepia Co., Ltd. and Oji Paperboard Co., Ltd., etc. are engaged in the manufacturing and sale of paper and pulp products. Paper products of Bowater Maritimes Inc. are purchased and sold by Oji Paper Co., Ltd. and pulp and paper products of Pan Pac Forest Products are purchased and used by Oji Paper Co., Ltd. Products are sold via Oji Trading Co., Ltd., Kokusai Paper and Pulp Co., Ltd., etc.
Processed paper products business	Oji Paper Co., Ltd., Oji Chiyoda Container Co., Ltd., Mori Sigyo Co., Ltd., Ojitack Co., Ltd., Oji Seitai Co., Ltd., Oji Kinocloth Co., Ltd., Oji Packaging Co., Ltd., etc. are engaged in the manufacturing and sale of processed paper and packing materials and Oji Paper Co., Ltd. supplies part of the base paper for processed paper products to each of the above companies. Yupo Corporation is engaged in the manufacturing and sale of synthetic paper and part of such synthetic paper is supplied to Oji Paper Co., Ltd. and Ojitack Co., Ltd. as base paper for processed paper. Communications paper is manufactured and sold by Kanzaki Specialty Papers Inc. in the United States and by KANZAN Spezialpapiere GmbH, ILFORD Imaging Switzerland GmbH in Europe. Oji Paper USA Inc. holds the entire share capital of Kanzaki Specialty Papers Inc.
Wood resources and greenery business	Oji Paper Co., Ltd. and Oji Forest & Products Co., Ltd. etc. are engaged in the forest plantation business and greenery business to preserve forest resources, principally focused on the management of the private forests. Sale of lumber products is mainly conducted by Oji Forest & Products Co., Ltd., etc. including the purchase, processing and sale of imported/domestic raw wood. These companies sell/purchase wood resources through Oji Paper Co., Ltd. and supply wood resources. In New Zealand, Pan Pac Forest Products Ltd. engages in forestry administration and plantation.
Other business	In addition, Oji Paper Co., Ltd. is engaged in the sale and lease of real estate and Oji Real Estate Co., Ltd. is engaged in civil engineering and construction works, sale and lease of real estate. Oji Logistics Co., Ltd. is engaged in the transportation business and warehousing business and Oji Cornstarch Co., Ltd. is engaged in the manufacturing and sale of cornstarch. Also, Oji Engineering Co., Ltd. is engaged in the design and construction of plants and machineries, etc. and engineering business, and Maruhiko Watanabe Construction is engaged in civil engineering and construction works and works contracted by various group companies.

(3) Amount of Capital

103,880,897,478 Yen (as of August 2, 2006)