

[Translation]

COVER PAGE

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Places at which Copy of the Tender Offer Report is Available for Public Inspection

: Oji Paper Co., Ltd.
7-5, Ginza 4-chome
Chuo-ku, Tokyo 104-0061 Japan
: Tokyo Stock Exchange, Inc.
2-1 Nihonbashi Kabutocho
Chuo-ku, Tokyo 103-8220 Japan
: Osaka Securities Exchange Co., Ltd.
8-16, Kitahama 1-chome
Chuo-ku, Osaka 541-0041 Japan

- (Note 1) In this Tender Offer Report (the “Report”), “Tender Offeror” shall mean Oji Paper Co., Ltd.
(Note 2) In this Report, “Subject Company” shall mean Hokuetsu Paper Mills, Ltd.
(Note 3) When numbers are rounded off or rounded down in this Report, the amounts indicated as sum total may be different from the sum total of the relevant numbers.
(Note 4) In this Report, “SEL” shall mean the Securities and Exchange Law of Japan (Law No. 25 of 1948).
(Note 5) In this Report, “Order” shall mean the Securities and Exchange Law Enforcement Order (Order No. 321 of 1965).
(Note 6) In this Report, “Cabinet Ordinance” shall mean the Cabinet Ordinance relating to Disclosure of Tender Offers for Shares, etc. by a Person other than the Issuer (Ministry of Finance No. 38 of 1990).

1. Terms and Conditions of Tender Offer

(1) Name of Subject Company

Hokuetsu Paper Mills, Ltd.

(2) Class of Shares, etc. to be Purchased or otherwise Acquired

Common stock

(3) Tender Offer Period

From Wednesday, August 2, 2006 to Monday, September 4, 2006 (for 34 days)

2. Results of Purchase, etc.

(1) Success/Failure of Tender Offer

The total number of tendered shares (11,254,829 shares) was less than the minimum number of shares to be purchased (100,818,239 shares). Consequently, none of the tendered shares will be purchased.

(2) Date of Public Notice on Result of Tender Offer and Name of Newspaper on which such Notice is Published

Pursuant to Article 27-13(1) of the SEL, the result was publicly announced to news organizations at the Tokyo Stock Exchange, Inc. on September 5, 2006 in the manner specified in Article 9-4 of the Order and Article 30-2 of the Cabinet Ordinance.

(3) Number of Shares, etc. Purchased or otherwise Acquired

Type of Shares, etc.	Number of Tendered Shares (as adjusted)	Number of Purchased Shares (as adjusted)
Shares	11,254,829 shares	0 shares
Stock subscription rights	—	—
Stock warrants	—	—
Bonds with stock warrants	—	—
Depository receipts ()	—	—
Total number	11,254,829 shares	0 shares
(Total number of latent shares, etc.)	—	(—)

(4) Ownership Percentage of Shares, etc. after Purchase, etc.

Category	Number of Voting Rights
Number of Voting Rights represented by the Shares, etc. held by the Tender Offeror as of the date hereof (a)	5,615
Of (a), the Number of Voting Rights represented by Latent Shares, etc. (b)	-
Of (b), the Number of Voting Rights represented by Depository Receipt for Shares, etc. (c)	-
Number of Voting Rights represented by the Shares, etc. held by Specially Related Parties as of the date hereof (d)	888
Of (d), the Number of Voting Rights represented by Latent Shares, etc. (e)	-
Of (e), the Number of Voting Rights represented by Depository Receipt for Shares, etc. (f)	-
Total Number of Voting Rights of the Shareholders of the Subject Company as of March 31, 2006 (g)	160,933
Ownership Percentage of Shares, etc. after Purchase, etc. ((a+d)/(g+(b-c)+(e-f))×100) (%)	3.08

- (Note 1) The “Number of Voting Rights represented by the Shares, etc. held by the Tender Offeror as of the date hereof (a)” includes 5,614 voting rights represented by common shares of the Subject Company 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.
- (Note 2) The “Total Number of Voting Rights of the Shareholders of the Subject Company (g)” is as stated in the Securities Report for the 168th Term filed by the Subject Company on June 28, 2006 (with each unit representing 1,000 shares). However, for purposes of calculating the “Ownership Percentage of Shares, etc. after Tender Offer”, the “Total Number of Voting Rights of the Shareholders of the Subject Company (g)” is deemed to be 210,933 by including the number of voting rights (50,000) represented by the shares (50,000,000 common shares) issued by way of third-party allotment described in the Subject Company’s press release dated August 7, 2006 in Japanese “Notice Concerning Completion of Payment for New Shares Issued by Allotment to a Third Party.”
- (Note 3) The “Number of Voting Rights represented by the Shares, etc. held by Specially Related Parties as of the date hereof (d)” sets forth the aggregate number of voting rights corresponding to shares, etc. owned by each specially related party.
- (Note 4) The figure for the “Ownership Percentage of Shares, etc. after Purchase, etc.” has been rounded off to the nearest two decimal places.
- (5) Method of Calculation if Purchase, etc. is to be Made by Proration

N/A

THIS ENGLISH TRANSLATION OF THE TENDER OFFER REPORT HAS BEEN PREPARED SOLELY FOR THE CONVENIENCE OF NON-JAPANESE SPEAKING SHAREHOLDERS OF HOKUETSU PAPER MILLS, LTD. THIS ENGLISH TRANSLATION IS SUBJECT TO, AND QUALIFIED BY, THE OFFICIAL JAPANESE-LANGUAGE ORIGINAL, WHICH SHALL BE CONTROLLING FOR ALL PURPOSES.