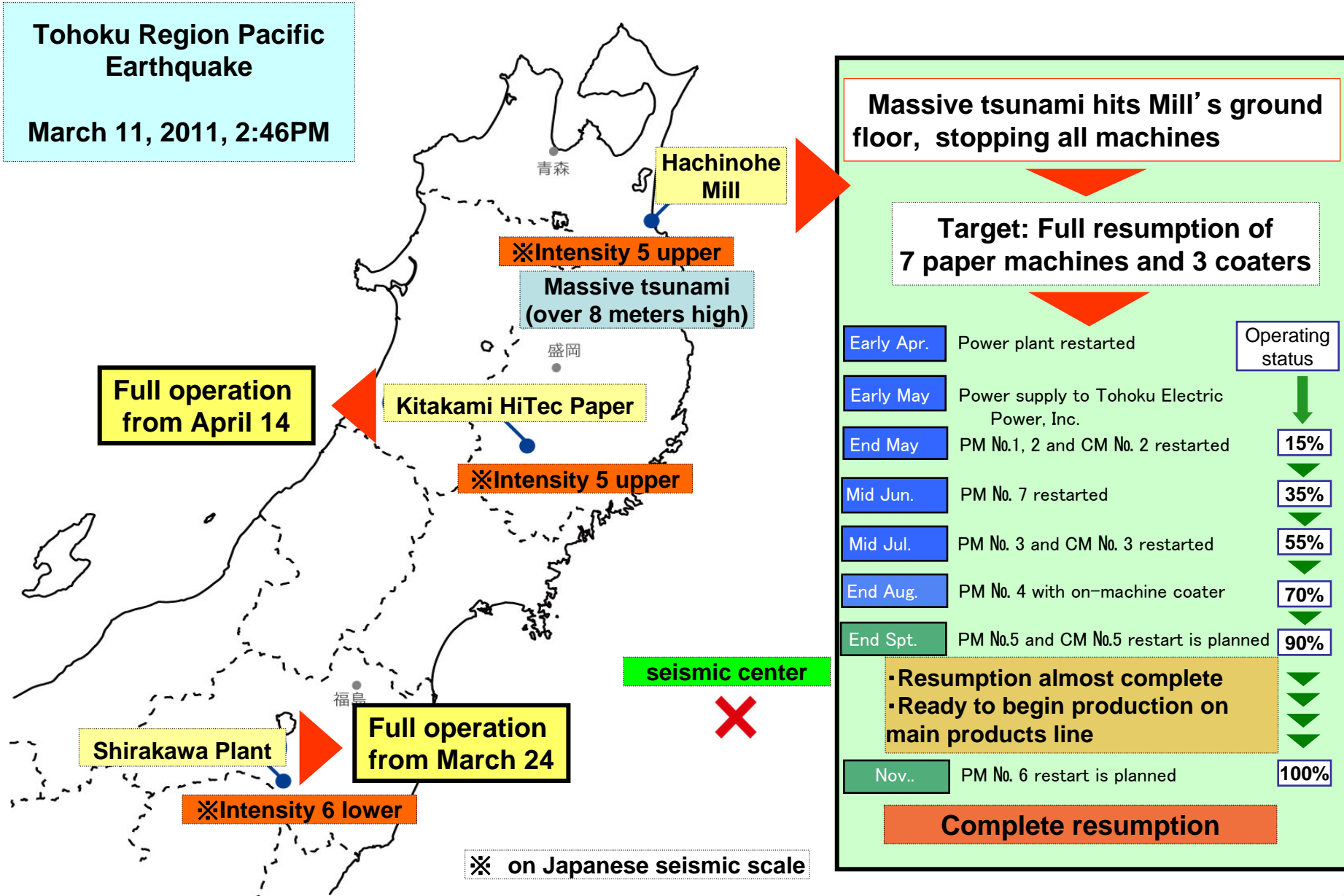


First Mid-Term Management Plan 2nd Half FY 2011 - 2014

August 26, 2011
Mitsubishi Paper
Mills Ltd.

Earthquake and Reconstruction Status



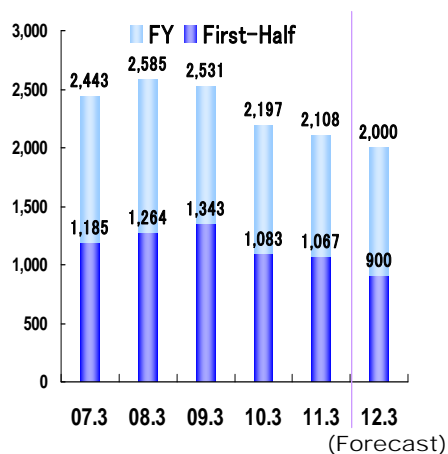
Financial Result Highlights <consolidated>

(Unit:100 million yen)

	FY2009 Actual		FY2010 Actual						2011 Forecast			
	FY2009	Sales Ratio (%)	1ST Half	2nd Half	FY2010	Sales Ratio (%)	Increment	(%)	1ST Half	2nd Half	FY2011	(%)
Sales	2,197	—	1,067	1,041	2,108	—	(89)	(4.0)	900	1,100	2,000	(5.1)
Operating Income	43	1.9	19	16	35	1.6	(8)	(18.2)	(5)	35	30	(13.7)
Ordinary Income	27	1.2	9	12	21	1.0	(6)	(20.4)	(15)	25	10	(52.7)
Net Income	(16)	(0.7)	(9)	(136)	(145)	(6.9)	(129)	—	(50)	20	(30)	—

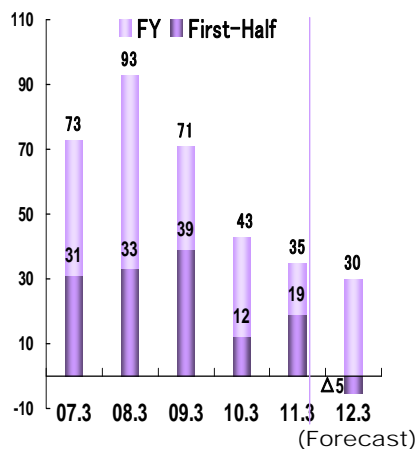
Earthquake
Loss

Sales

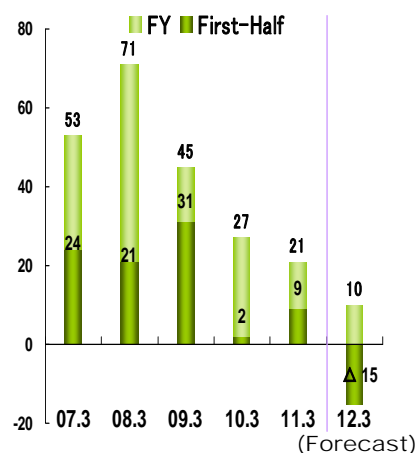


— 133 133

Operating Income

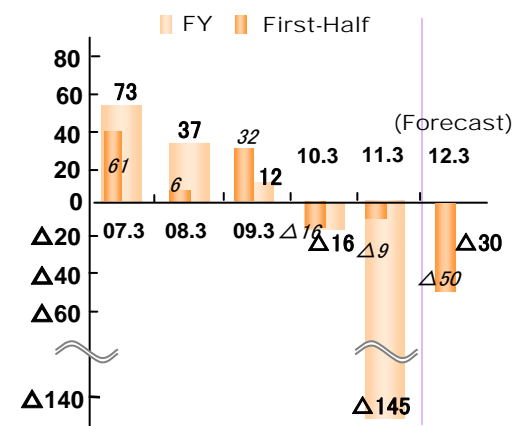


Ordinary Income



44 5 49

Net income



○ Earthquake effect

★Forecast for domestic economy (domestic demand down→Recovery by year end?)

- Up trend since Jul-Sep, return to positive growth in 2nd half

2011			2012
Apr-Jun	Jul-Sept	Oct-Dec	Jan-Mar
(1.3)%	0.4%	2.9%	2.6%

(Real GDP growth rate)

[Bank of Tokyo-Mitsubishi UFJ]

FY2011	FY2012	FY2013
0.2%	2.0%	NA

(Real GDP growth rate)

[Mitsubishi Research Institute]

★Reconstruction demand in Tohoku region

- Industrial facility loss from earthquake: ¥8.2 trillion

Actual reconstruction demand since Apr-Jun, demand to peak in early 2012, then peak out

3 rd Qtr	4 th Qtr	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Total
0.8	1.2	1.6	1.6	1.2	0.8	7.2

(Supplementary
Budget Overview)

1 st Suppl. Budget	4	02 May 2011
2 nd "	2	25 Jul 2011
3 rd "	10	Sept 2011

(Unit: trillion yen)

○ Economic trends in Europe, North America, China and rest of world

- Prolonged economic slowdown of EU and the US, sovereign risk is expected
- The highest concerns over appreciation of Yen and gold price – temporary or long-term. However, no soaring oil prices.
- New era for India and ASEAN countries due to GDP growth. India is where China was 10 years ago.

(Real GDP growth rate)

	Japan	China	India	ASEAN	NIEs	USA	Europe	Latin/South America	Russia /EE
2010	4.0%	10.3%	8.5%	6.9%	8.3%	3.0%	1.7%	6.1%	3.7%
2011	(1.0)%	9.5%	7.6%	5.3%	4.6%	1.5%	1.6%	4.8%	4.3%
2012	2.2%	9.4%	8.0%	5.6%	4.3%	1.8%	1.0%	4.4%	4.1%

* ASEAN4 (Indonesia, Malaysia, Thai, and the Philippines)

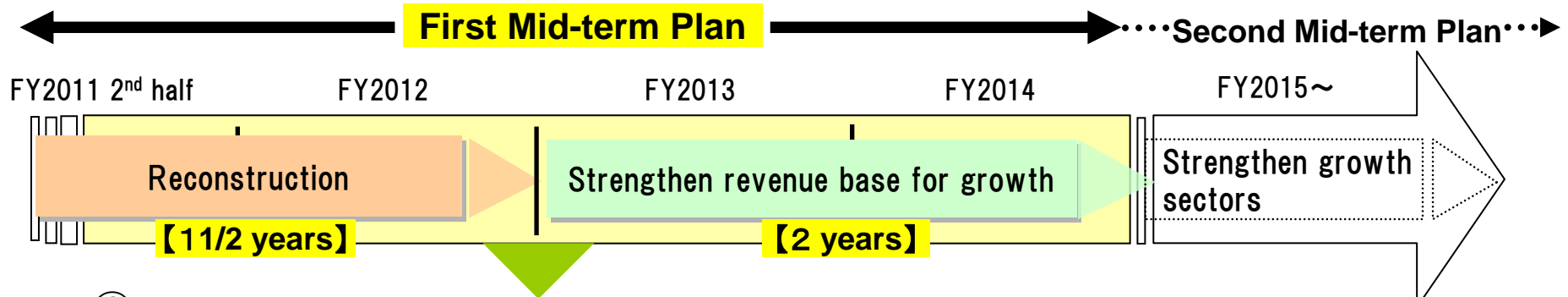
* NIEs (South Korea, Taiwan, Hong Kong, and Singapore)

◎ Reconstruct Hachinohe Mill (printing paper business)

◎ Raise funds for Hachinohe reconstruction

◎ Strengthen weak financial position

◎ Build better-balanced business portfolio



- ① Quickly recover printing paper business market share, build efficient finishing lines
- ② Promptly repay sharply increased interest bearing debt (¥30 billion), normalize financial position
 - a) Normalization of earnings
 - ◆ Sales recovery
 - ◆ Reform fixed cost structure
 - b) Cash reserve
 - ◆ Inventory reduction
 - ◆ Zero-based budgeting of capital investment
- ③ Policies by business segment
 - ◆ Printing paper business – Maintain profitability, expand revenue opportunities
 - ◆ Imaging business – Maintain revenue structure, develop overseas markets
 - ◆ New business development – Accelerate growth, prioritize business resource investments
 - ◆ German operation – Maintain stable operation, increase prices
 - ◆ KJ Specialty paper – Achieve synergistic effects, develop overseas markets
 - ◆ Emerging countries – Invest business resources

Basic Plan Values

(Unit:100 million yen)

	1st half	2nd half	FY2011	FY2012	FY2013	FY2014
Sales	900	1,100	2,000	2,300	2,350	2,400
Operating Income	(5)	35	30	75	80	100
Ordinary Income	(15)	25	10	45	50	70
Interest Bearing Debts	—	—	1,700	1,700	1,600	1,500
D/E Ratio	—	—	3.7	3.4	3.0	2.6
Employees (※)			4,380	4,275	4,186	4,186

		FY2011	FY2012- FY2014
Exchange rate	US\$	¥82/\$	¥80/\$
	€	¥120/€	¥115/€
	AUS\$	¥86/A \$	¥85/A \$
Oil	Dubai	\$115/BBL	\$110/BBL

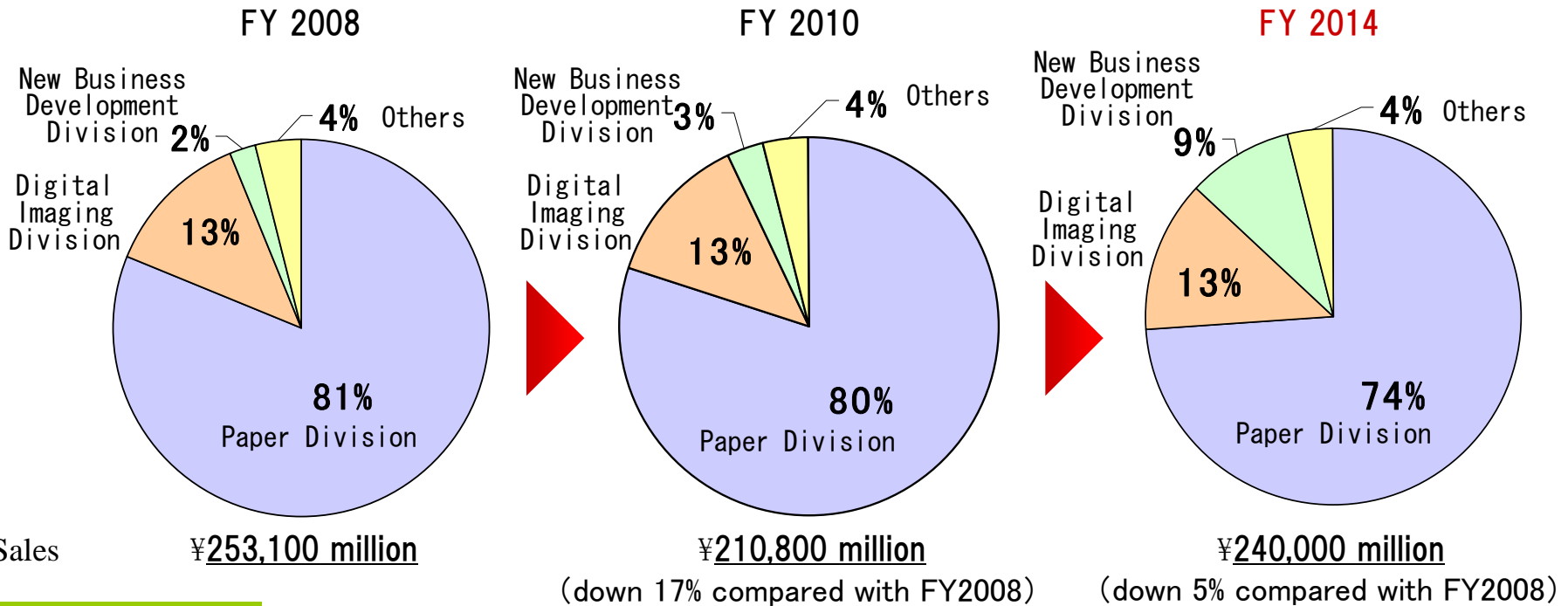


Dividend payments to be resumed

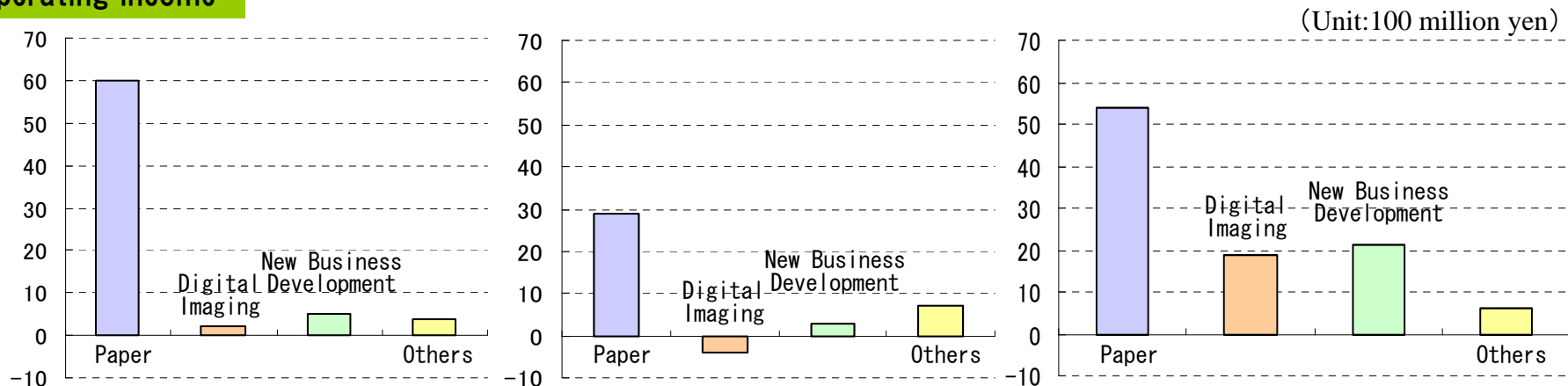
(※) Since October 2011, 200 employees have been added due to consolidation of KJ Specialty Paper Co., Ltd.

Sales Ratio by Business Segment/Operating Income Changes

Sales ratio

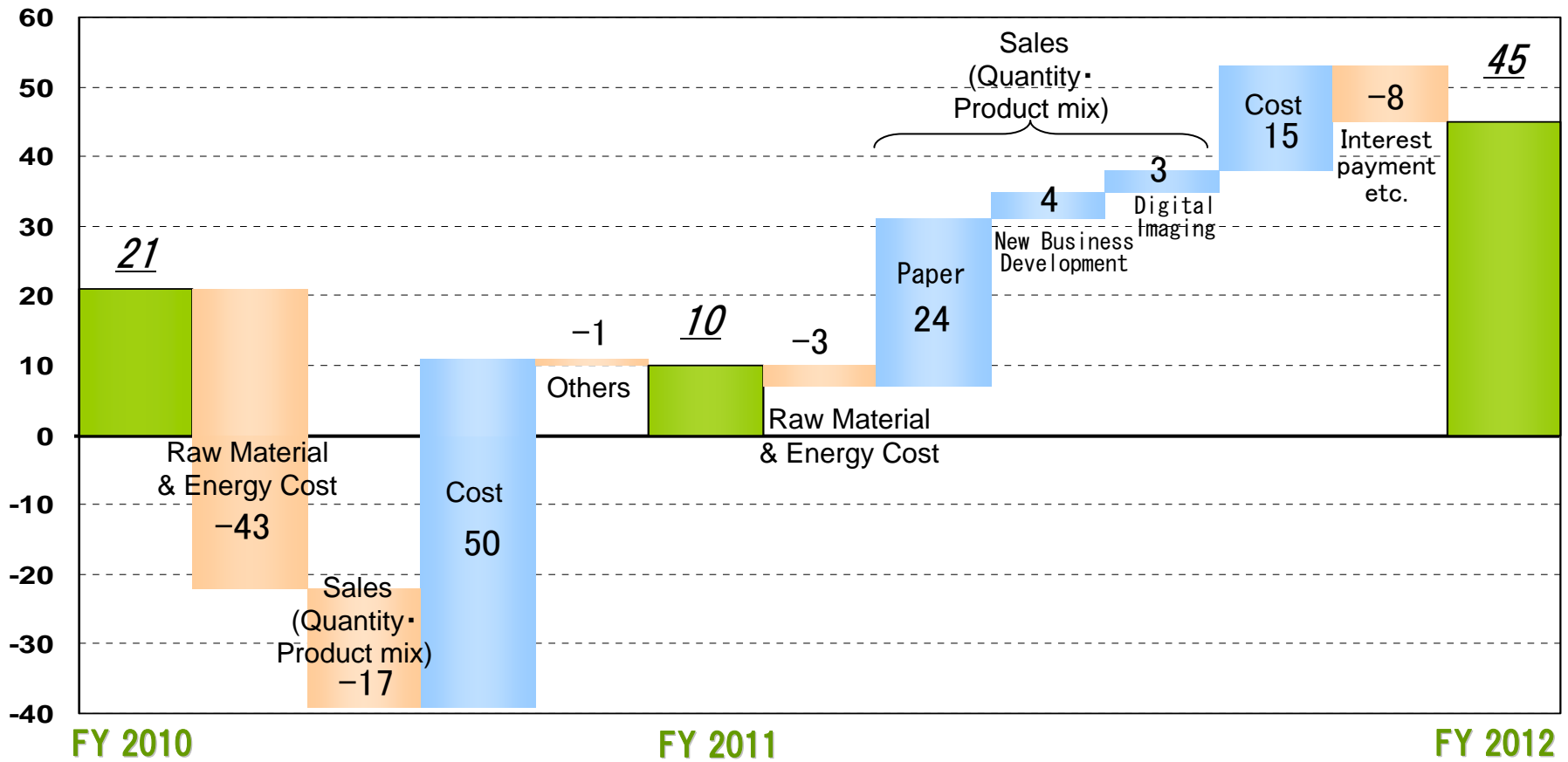


Operating Income



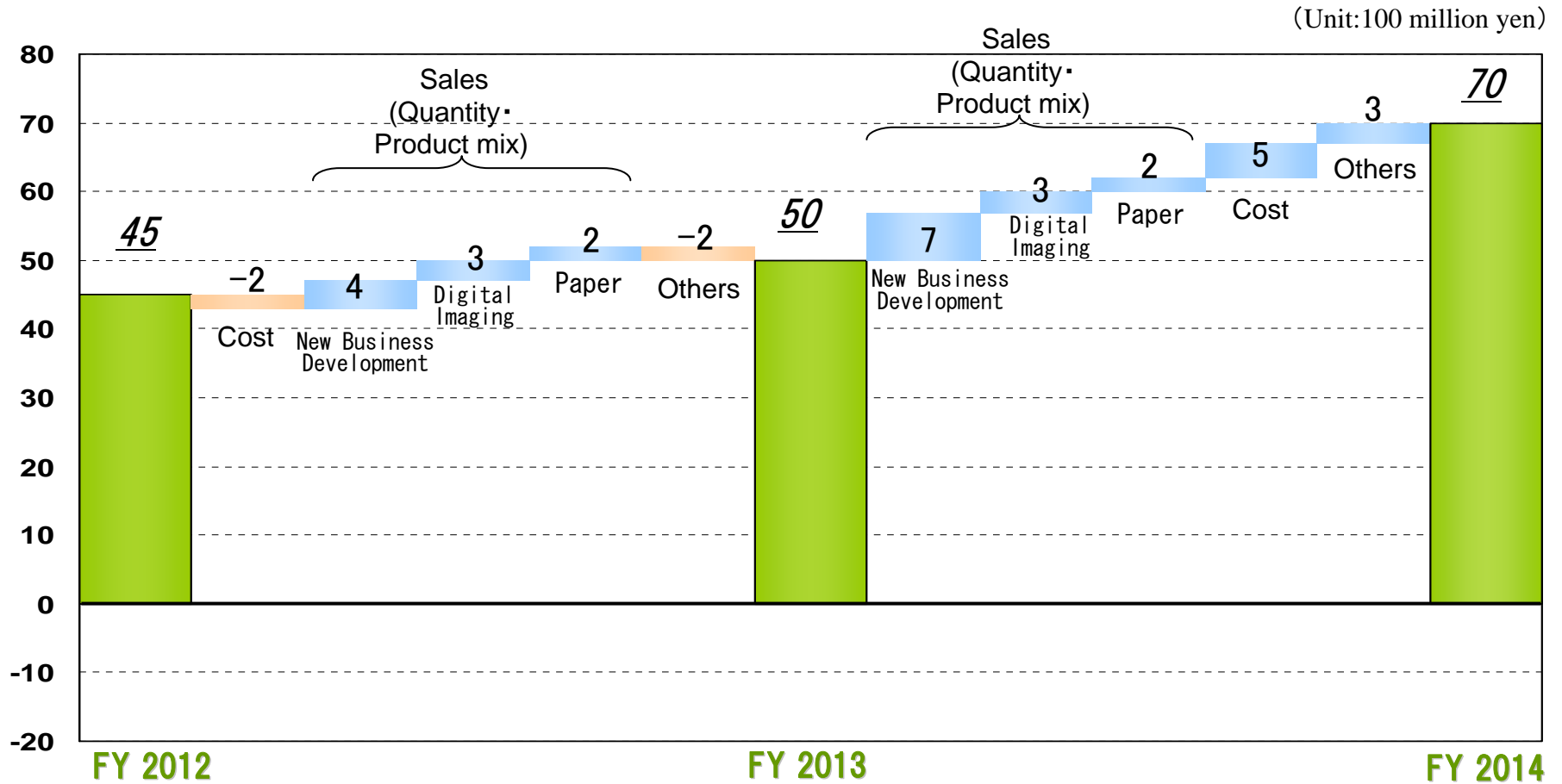
Ordinary Income Forecast ①

(Unit: 100 million yen)



Reconstruction 

Ordinary Income Forecast ②



Strengthen revenue base for growth

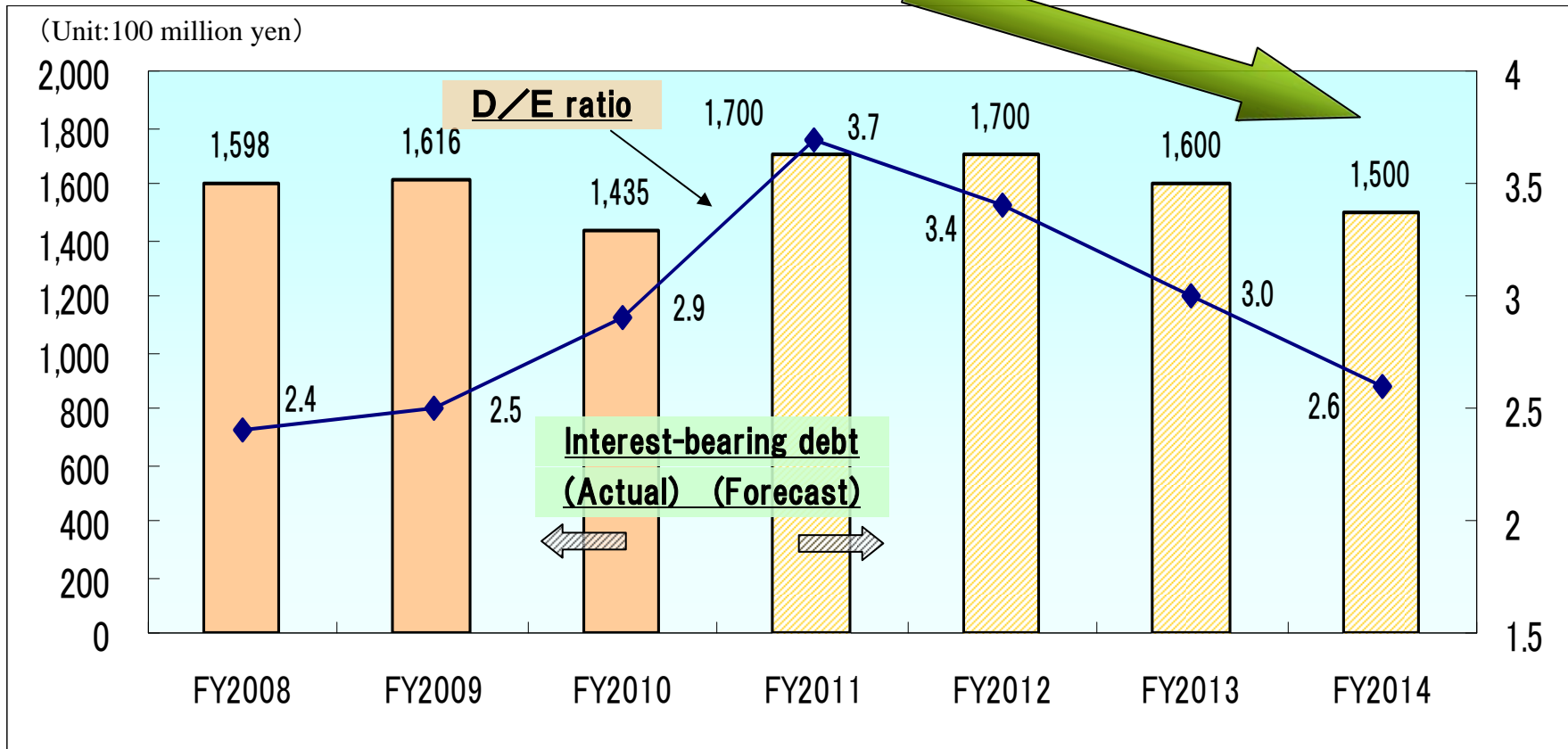
Financial Improvement Targets

Financial improvement measures

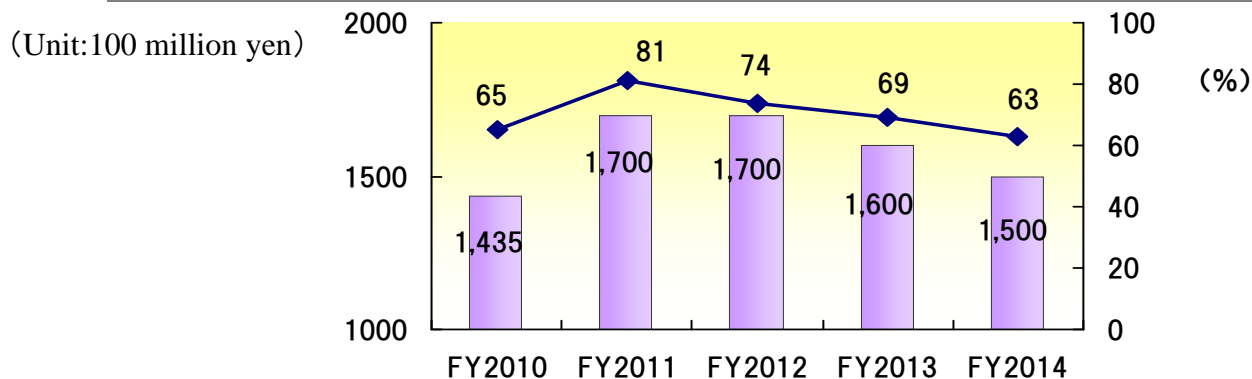
- ◆ Revenue recovery
- ◆ Reduce fixed costs
- ◆ Inventory reduction
- ◆ Zero investment

Target at end of FY2014

- Interest-bearing debt
¥150,000 million
- D/E ratio 2.6 times



Interest-bearing debt and interest-bearing debt/sales ratio



Hachinohe reconstruction and funds for interest-bearing debt repayment

<Funds>

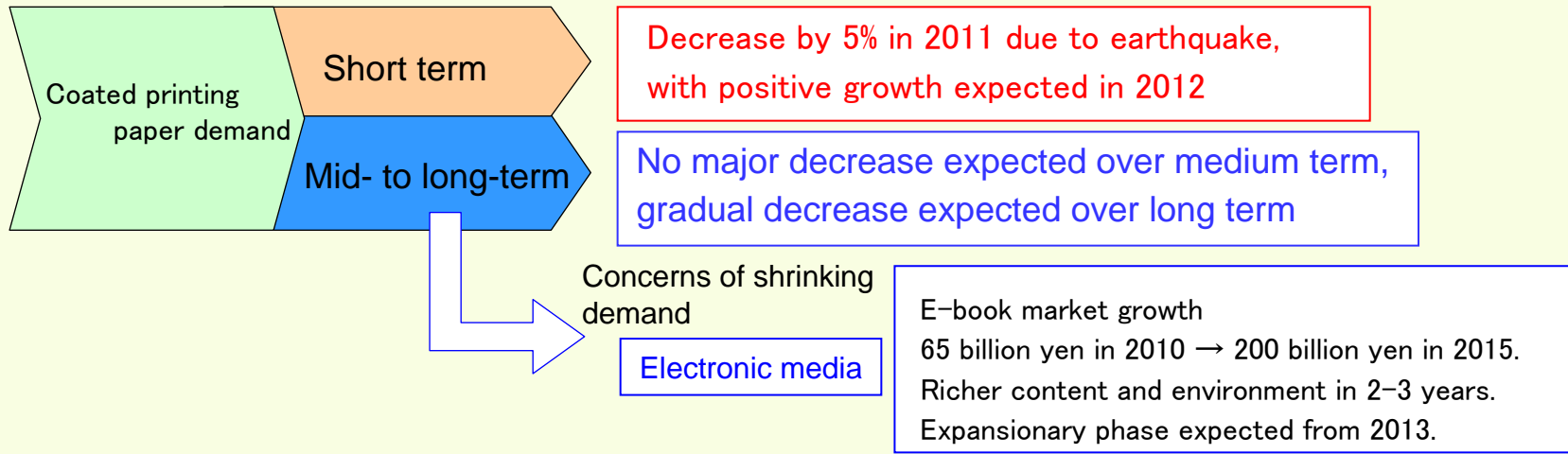
New borrowing	265
Profit for the period	175
Depreciation	426
Total	866

<Purpose>

(Unit:100 million yen)

Hachinohe reconstruction	300	
Repayment	200	
Maintenance /Renewal	110	
Others	Additional running costs	110
	Extraordinary loss and tax	146
Total	866	

Business environment



Strategic plan

Recover from emergency sales system implemented after earthquake

Strengthen sales of printing and information paper

Sales shift to higher value added /new products

Strengthen alliance with Oji Paper

- Leverage brand strength and product appeal (FSC/NVM)
- Build stronger relations with highly loyal customers
- Improve sales capability by leveraging the advantages offered by exclusive sales subsidiary

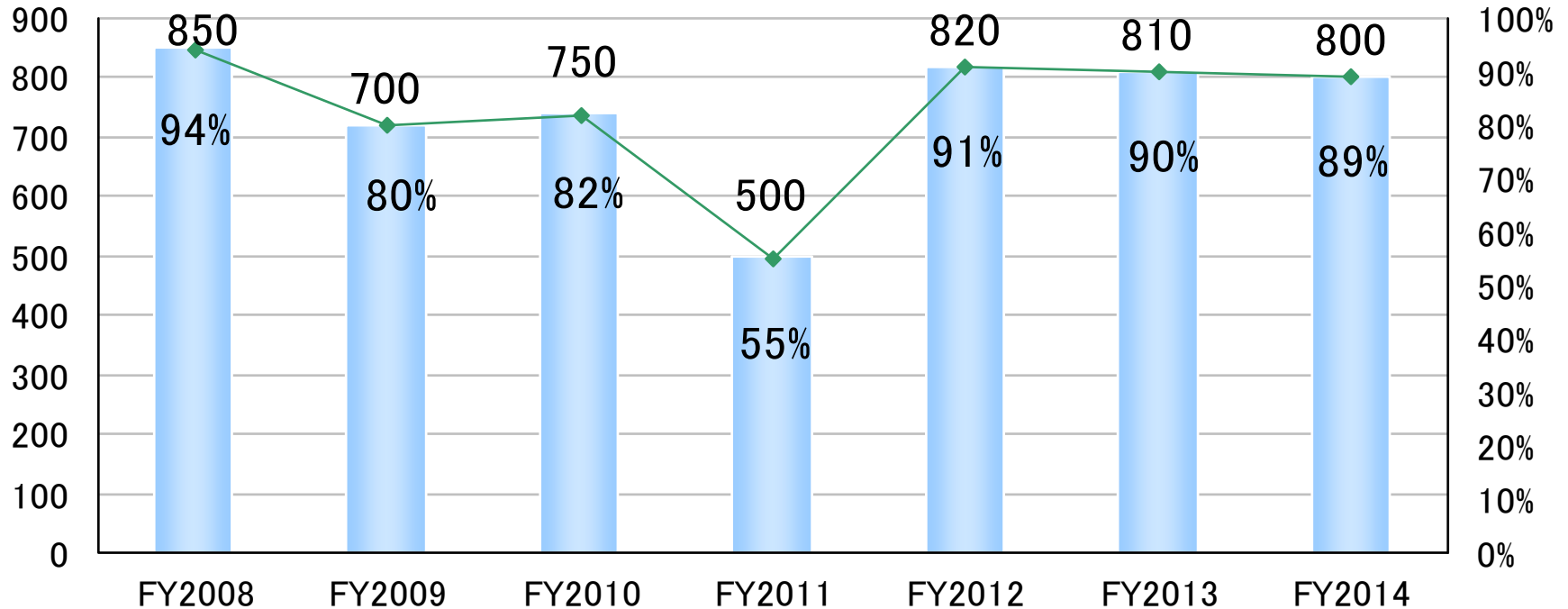
Expand sales of digital printing paper, FSC-certified paper, and paper using forest thinnings

Maintain alliance for carbonless paper

Measures Taken at Hachinohe Mill

<Capacity Utilization>

1,000 tons



—Maintain appropriate inventory levels—

Reduction of Hachinohe inventories improves cash flow by ¥5 billion

—Reduce distribution costs—

Increase percentage of direct delivery from mill to customers

Business environment

Market decline trend of photo-sensitive materials

Specifically, photo paper decreasing by 6–9% per annum

Raw material and energy costs/other material costs remain at high levels

Cost pressure, losing competitiveness

Find way to develop emerging markets (India, Southeast Asia, Middle East, China) where the market growth is expected

Strategic plan

Enhance product lineup with newly developed products

Develop new products through application of photo-sensitive technology and expand sales (including non-information media)

Promote sales to emerging countries

Invest business resources in Thailand, Indonesia and India

Improve revenue structure of Kitakami HiTec Paper

New product developments and sales promotion of Kitakami HiTec Paper

Strengthen alliance with Fuji Film

Strengthen alliance for photopaper, photo base paper, pulp and GAM

Business environment

Rapid market growth in emerging countries

Reverse osmosis membrane substrate, separator, filter etc

- Seawater desalination **2005⇒2015 2.3 times** [Source: Global Water Intelligence]
- Lithium-ion battery market **2010⇒2015 2.8 times** [Source: Yano Research Institute]

Threat

Fierce competition from new entrants from various industries

Strategic plan

Early startup of new machine for functional materials at Takasago mill

Investment for non woven fabric startup – Phase I : ¥2 billion, feasibility study for Phase II investment

New product/new market development
Create new revenue streams [3 - 5 streams]

Battery separator for rechargeable batteries, development and sales of new non-woven products to auto industry

Expand business in China (Zhuhai)

Phase II investment review

KJ Specialty Paper Co., Ltd. - Basic policies

Create synergistic effects

Promote overseas sales of decor base paper, which has highest domestic market share (80%)

Promote overseas sales of tape base paper

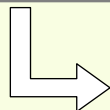


KJSP Committee established

Promote business with emerging countries - Basic policies

Target market for photosensitive products and functional materials

Invest business resources to promote sales of photosensitive materials in Jakarta and Mumbai



Phase1 Establish sales bases in emerging countries

Phase2 Establish sales channels

Phase3 Strategic business start-up plan including overseas transfer of production



Emerging Countries Committee established

German operation - Basic policies

Maintain stable operation and raise prices

Stabilize business, use as base to other EU and EE markets

These slides contain forward-looking statements with respect to future results, performance and achievements that are subject to risks and uncertainties, and reflect management's views and assumptions formed based on available information. All data other than historical facts are data that could be considered forward-looking data. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. Mitsubishi Paper Mills does not intend or assume any obligation to update this forward-looking data.