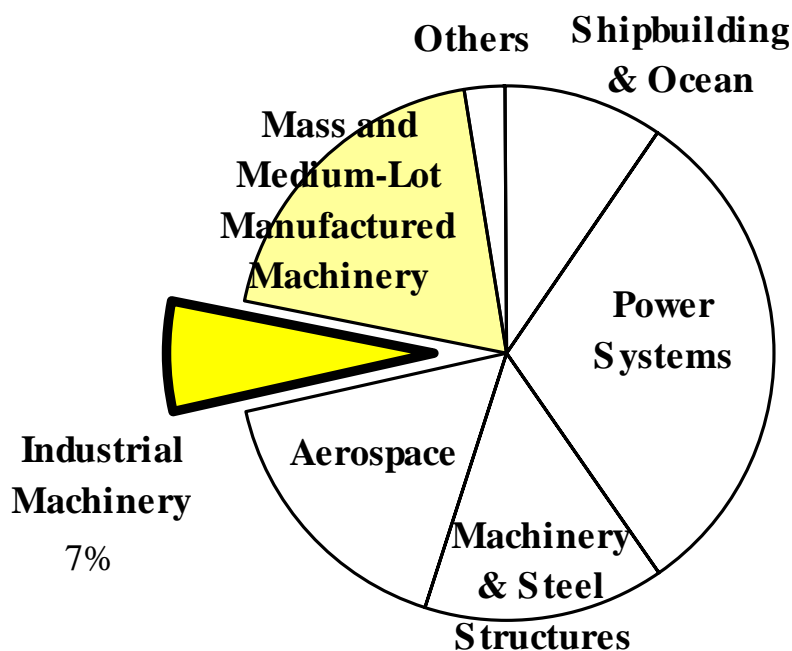

**Briefing session on Air-conditioning & Refrigeration Systems,
Paper & Printing Machinery and Machine Tool operations**

Section 2: Paper & Printing Machinery Operations

September 27, 2007
Fumio Wakisaka
Senior Vice President
General Manager,
Paper & Printing Machinery Division

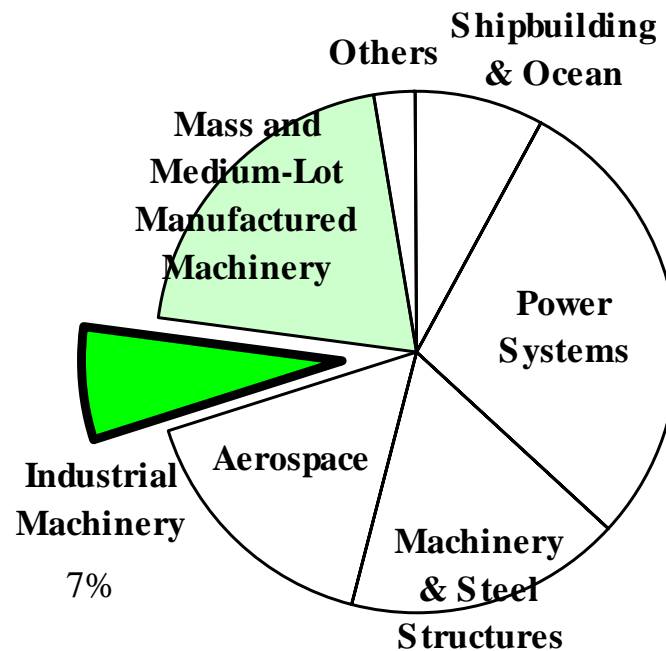
Positioning of Industrial Machinery Operations (Orders Received / Sales)



Orders received in 2006
(consolidated)

¥221.7 billion

(Figure for the entire
company: ¥3,274.7 billion)

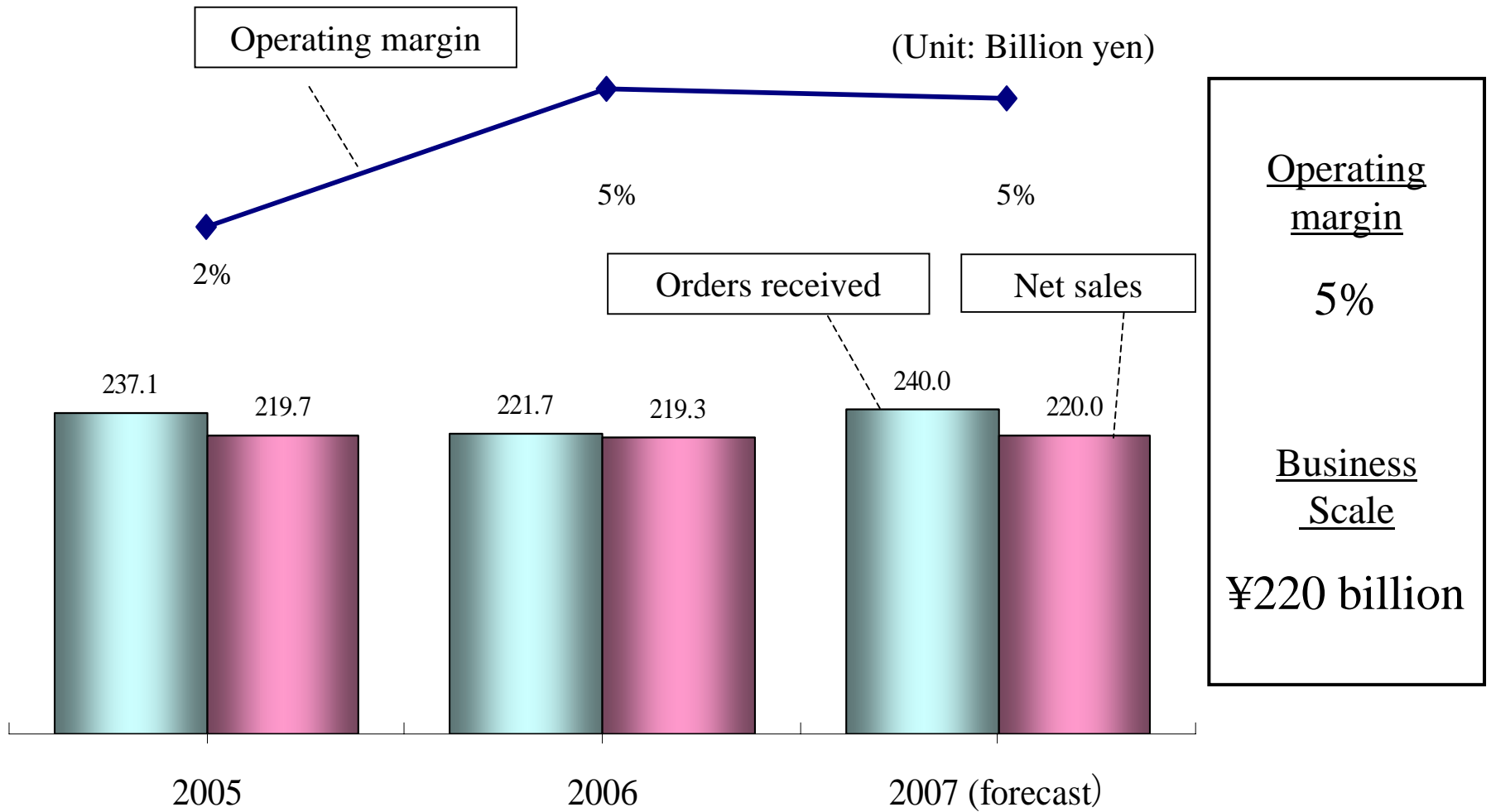


Net sales in 2006
(consolidated)

¥219.3 billion

(Figure for the entire
company: ¥3,068.5 billion)

Changes in Business Scale (Industrial Machinery - Consolidated)



Paper & Printing Machinery Division - Core Products

Sheet-fed offset presses

[DIAMOND V3000] Pursuit of the ideal next-generation sheet-fed printing press



Newspaper offset presses



World's fastest 4×2 press (90,000 IPH) [DIAMONDSTAR]
World's fastest 4×1 press (80,000 IPH) [DIAMONDSPIRIT]
Conventional 4×2 press (75,000 IPH) [DIAMONDSPACE]

Paper converting machinery

[EVOL] box-making machine



Corrugating machinery



Commercial web offset presses

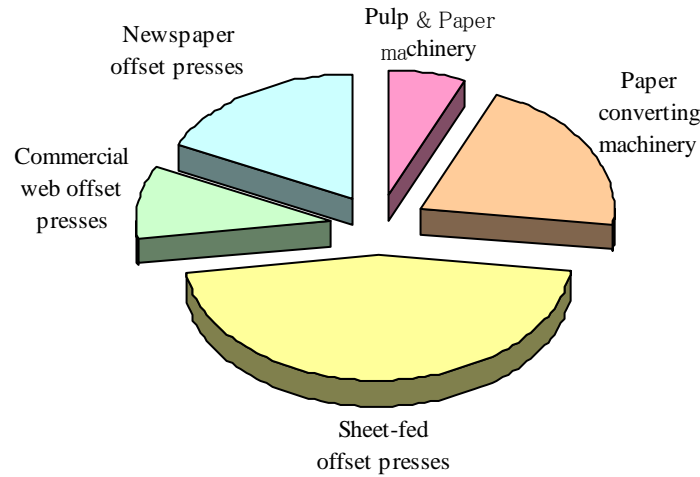
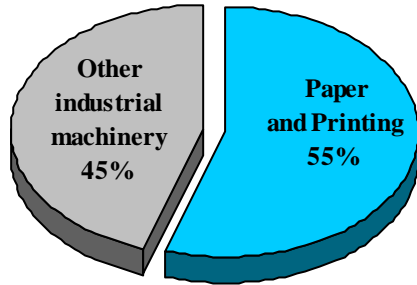
[LITHOPIA MAX Series]



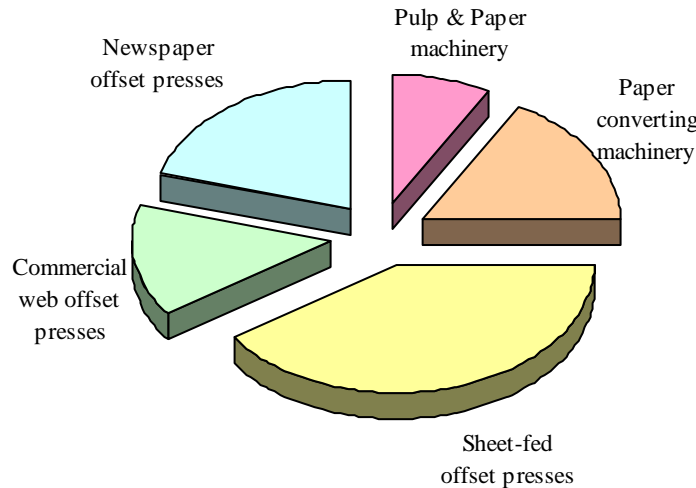
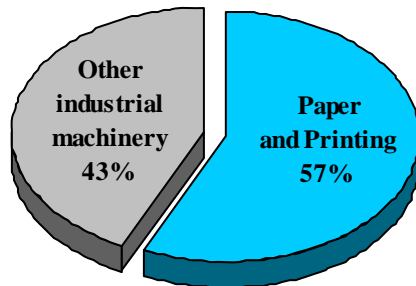
Paper & Printing Machinery Division - Orders Received and Sales

FY2006 (Consolidated figures)

Orders received



Sales

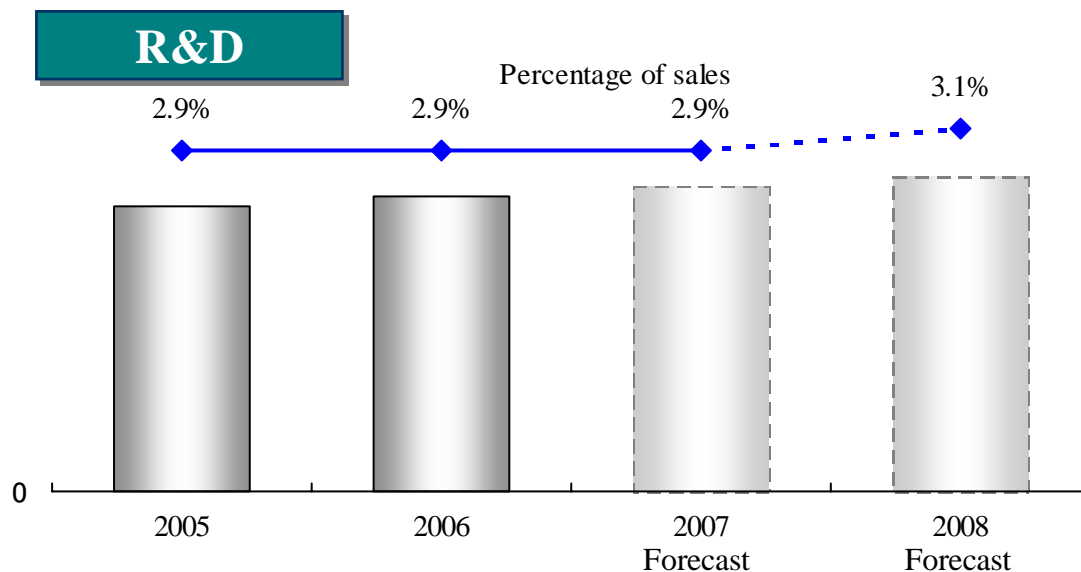


[Annual production capacity for core products]

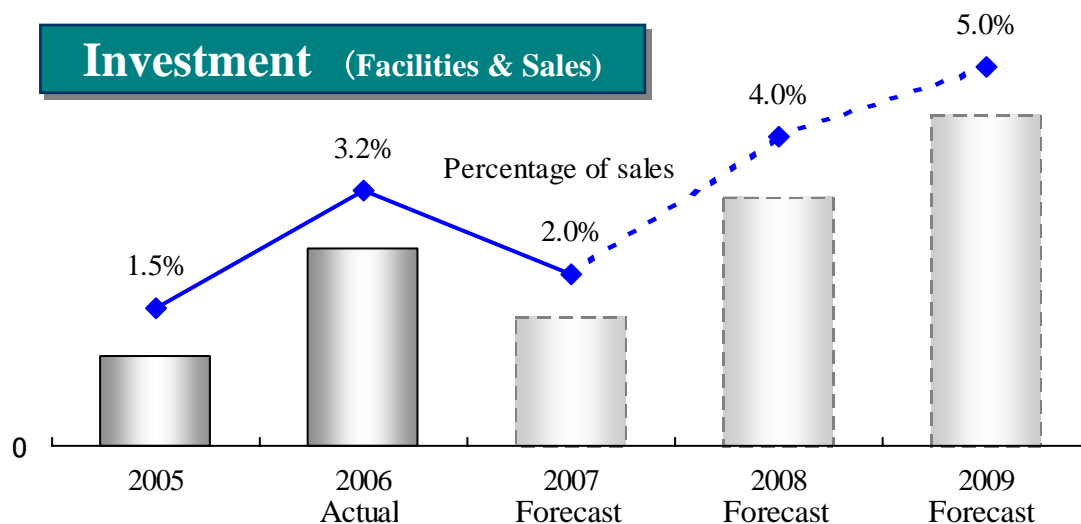
Sheet-fed offset presses	480 presses
Commercial web offset presses	70 presses
Newspaper offset presses	20 presses
Corrugating machinery	24 units
Box-making machines	36 units

Paper & Printing Machinery Division - Trends in R&D and Investment

(Non-consolidated figures)



- **Active investment geared towards ongoing development of next-year and next-generation products based on a precise understanding of our customers' needs**
 - Efforts to conserve resources
 - Cutting running costs
 - Printing on multimedia, etc.



- **Restructuring machine processing facilities to focus on dedicated assembly lines for key components**
- **Sales investment with an eye to establishing sales offices/ service centers in growth markets**

Medium - Long Term Strategy

[Specializing in paper manufacturing machinery services and focusing management resources on printing machinery]

1. Switching to an overseas oriented approach to business

- Shifting to an export oriented business structure for all products, with export ratios of over 50% by 2009
- Stable profits in domestic market ,by enhancement of after-sales service and steady order at replacement of old presses.

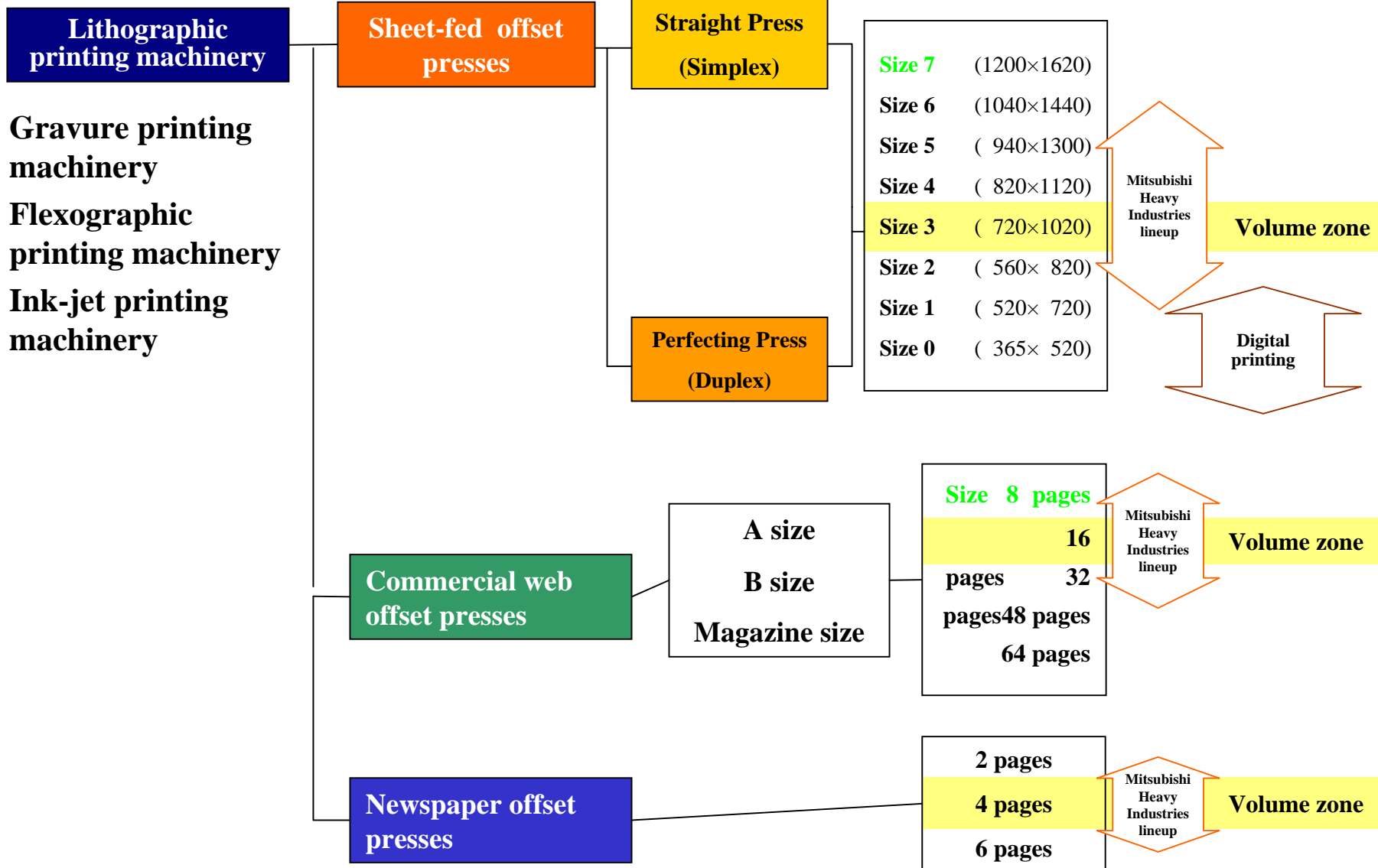
2. Expanding business in emerging nations (BRICs, VISTA)

- Focusing operations in overseas markets on emerging nations
- Expanding our network of local distributors and establishing service centers in each region

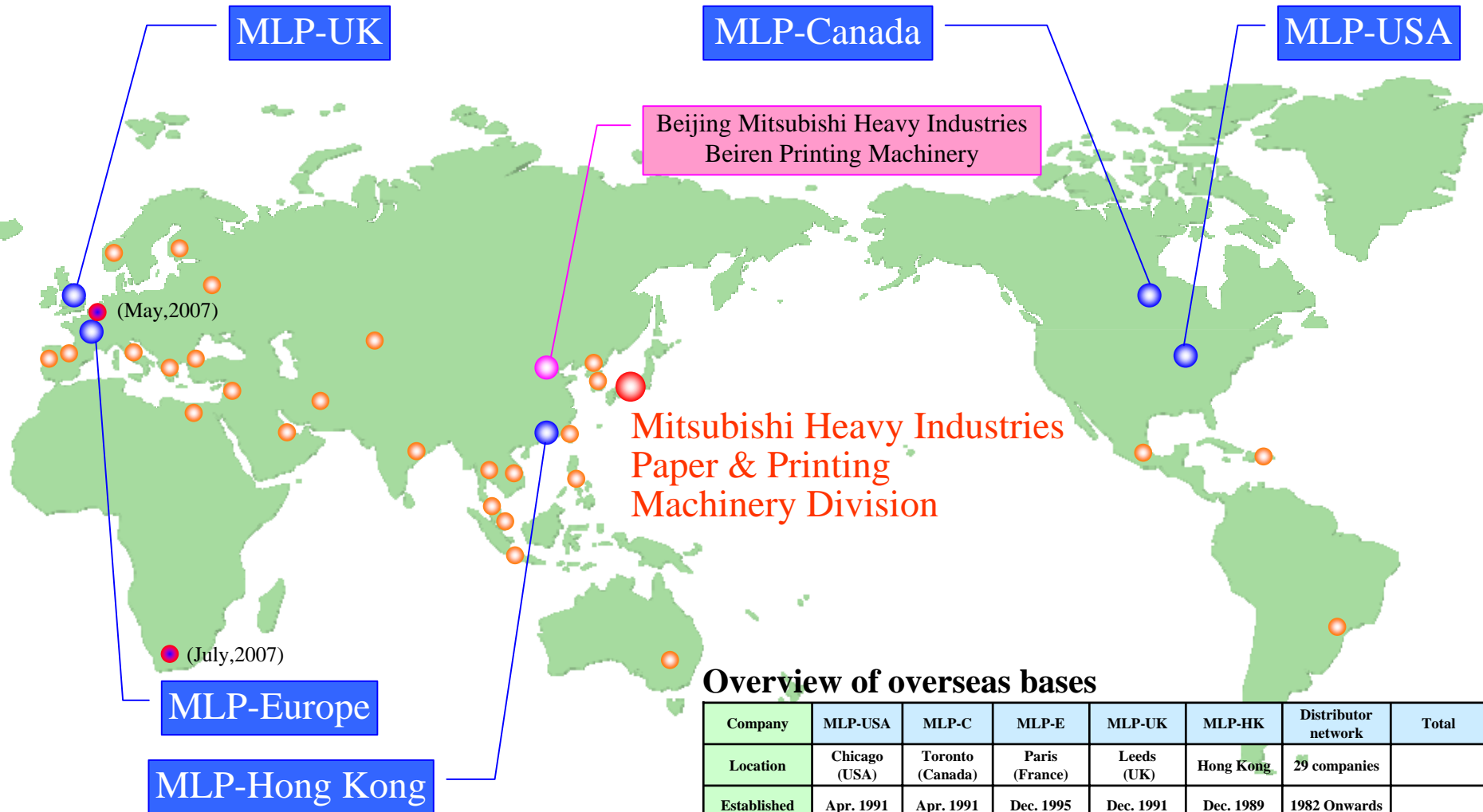
3. New product development and production innovation initiatives

- Promoting base module design incorporating universal specifications
- Providing products designed to reduce environmental impact, increase efficiency and improve ROI
- Optimizing production lines and investing in the latest equipment and facilities

Types of Printing Machinery



Expanding Sheet-fed offset presses Operations to Overseas Bases



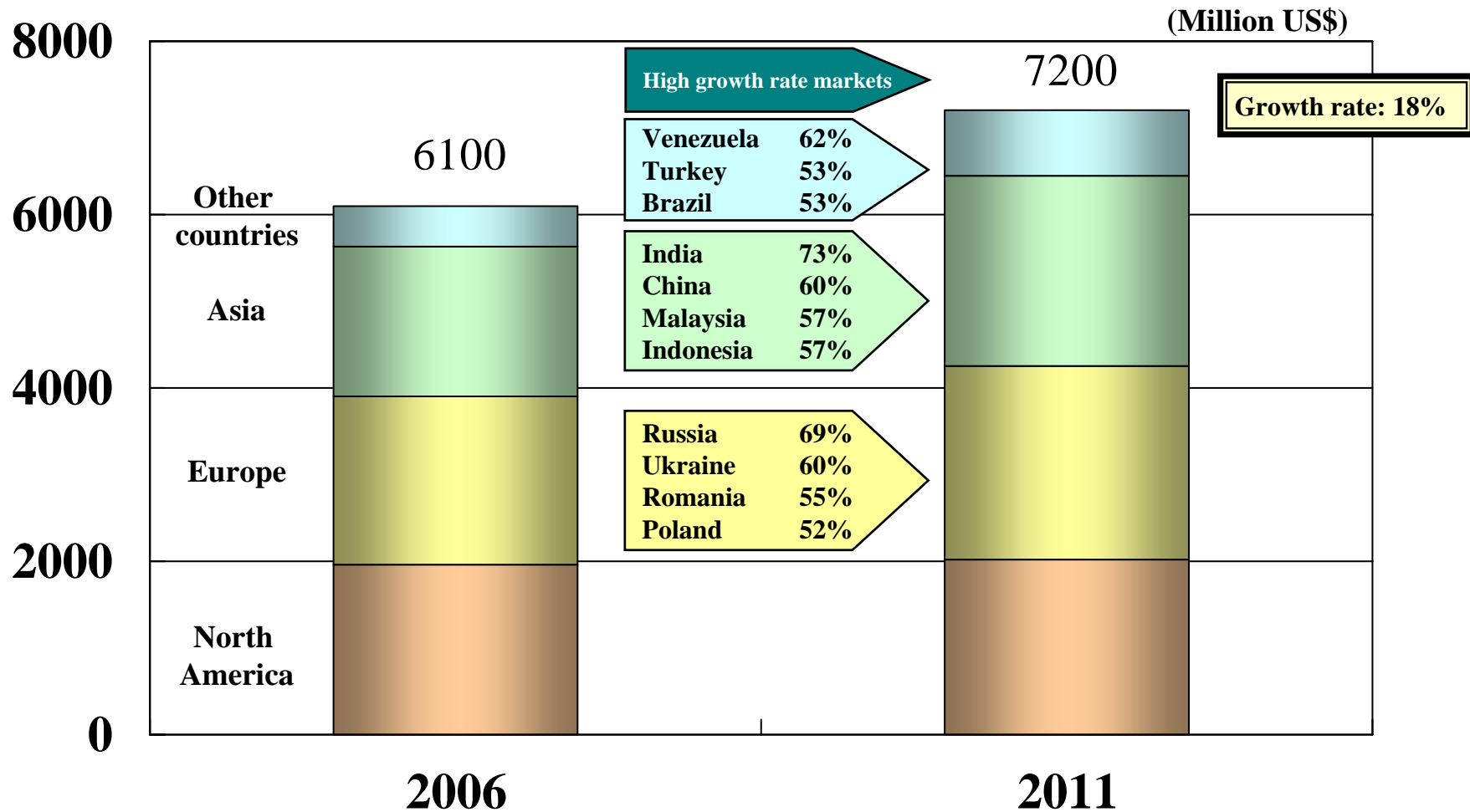
Overview of overseas bases

Company	MLP-USA	MLP-C	MLP-E	MLP-UK	MLP-HK	Distributor network	Total
Location	Chicago (USA)	Toronto (Canada)	Paris (France)	Leeds (UK)	Hong Kong	29 companies	
Established	Apr. 1991	Apr. 1991	Dec. 1995	Dec. 1991	Dec. 1989	1982 Onwards	
Workforce	102	12	34	31	81	-	260
FY2006 Sales	¥11.4 billion	¥1.2 billion	¥3.9 billion	¥4.8 billion	¥6.6 billion	¥10.4 billion	¥38.3 billion

(Consolidated figures)

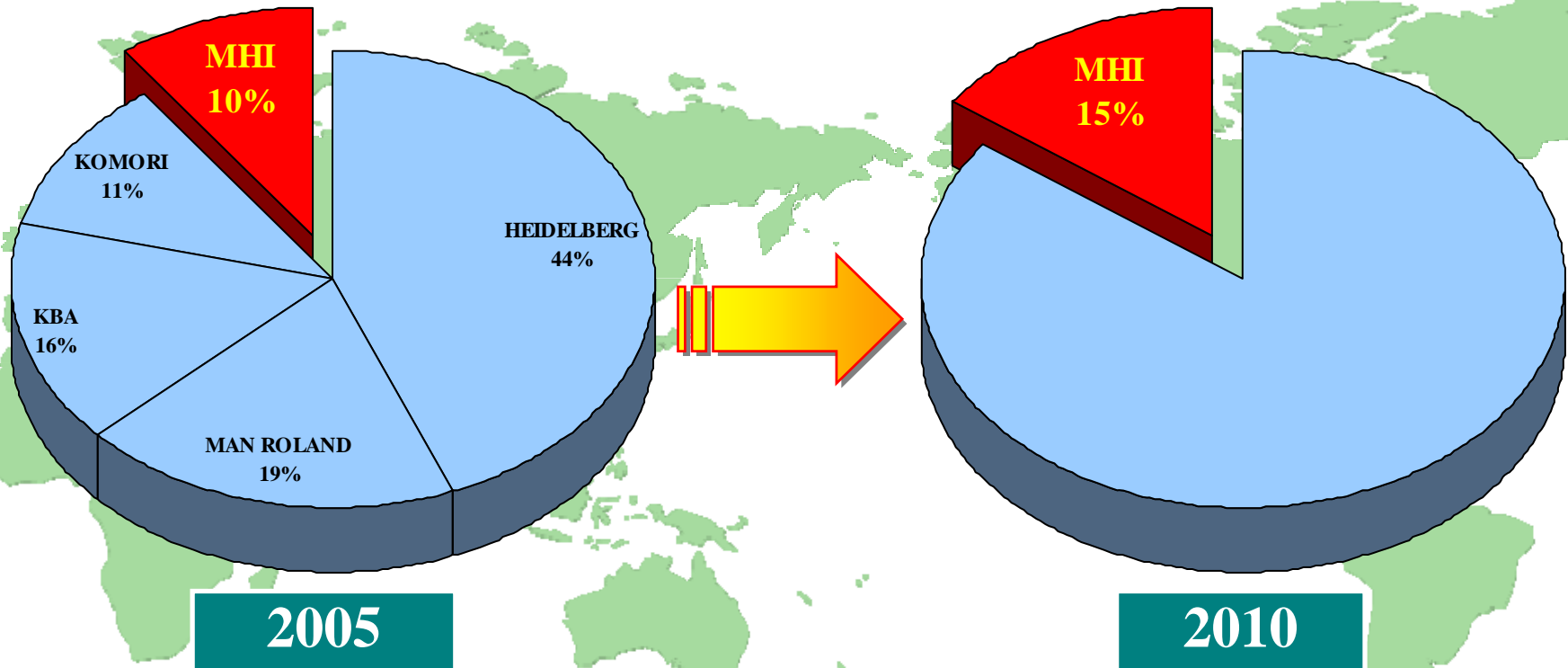
- Directly controlled sales companies
- Joint ventures
- Distributors
- New distributors(timing)

Global Shipment Forecast for Printed Matter



Source: "World Wide Market for Print" PIRA International, 2007

Mitsubishi Heavy Industries' Position in the Global Sheet-fed offset presses Market



Mitsubishi Heavy Industries is ranked 5th in the world, with around a 10% share of the global sheet-fed offset presses market.

(Estimates based on ¥500 billion global market for machinery for sizes more than 496mm x 636mm in 2005)

Strategy to Increase Our Share of the Sheet-fed offset presses Market (1/2)

1. Active investment in growth markets

- (1) China: Established a production base for small sheet-fed offset presses (July 2006)
[Production of small sheet-fed offset presses:
2007: 45 machines \Rightarrow 2010: 130 machines (planned)]
- (2) India: In the process of establishing a sales office/service center
Plans to assign service staff from the Paper & Printing Machinery Division on a permanent basis
(October 2007 onwards)
- (3) Eastern Europe and Russia:
Scouting new distributors and stepping up operations through existing distributors

Strategy to Increase Our Share of the Sheet-fed offset presses Market (2/2)

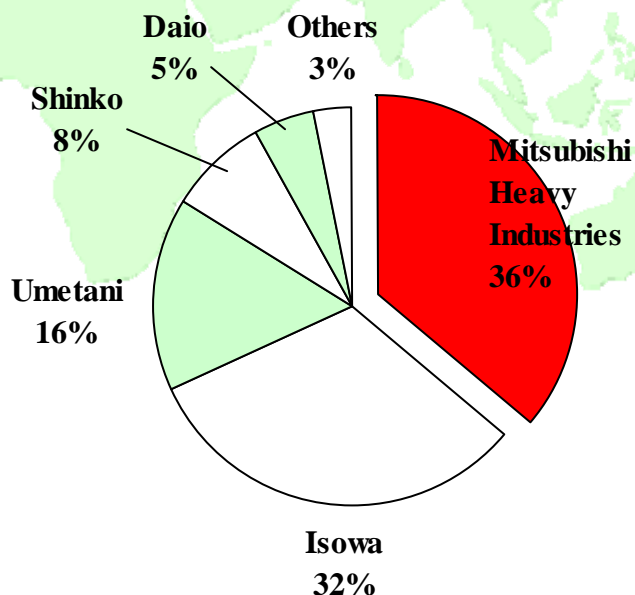
2. Launching new products and technology

- (1) Showcasing the DIAMOND V3000 sheet-fed offset presses at IGAS (September 2007) and launching sales
- (2) Easy operation color tuning equipment:
Launching Color Navigator onto the market
- (3) Launching simultaneous plate changer equipment capable of world-leading plate changing speeds
- (4) Unveiling the world's fastest perfecting press at DRUPA (May 2008, Germany)

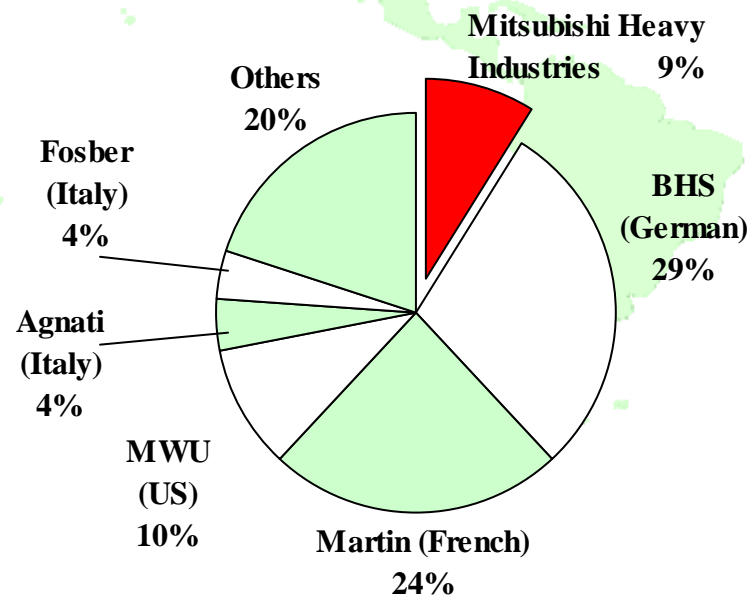
Mitsubishi Heavy Industries' Position in the Paper converting machinery Market

- The market consists entirely of specialist manufacturers apart from Mitsubishi Heavy Industries. Isowa(Japan) is the only other company that manufactures both corrugating machinery and box-making machine.
- Strong demand for high productivity, high quality machine in mature markets (Japan, North America and Western Europe).
- Growth markets in Asia (especially China, India and Vietnam) and the Middle East in the future.

Domestic market shares
(Market scale: ¥14 billion)

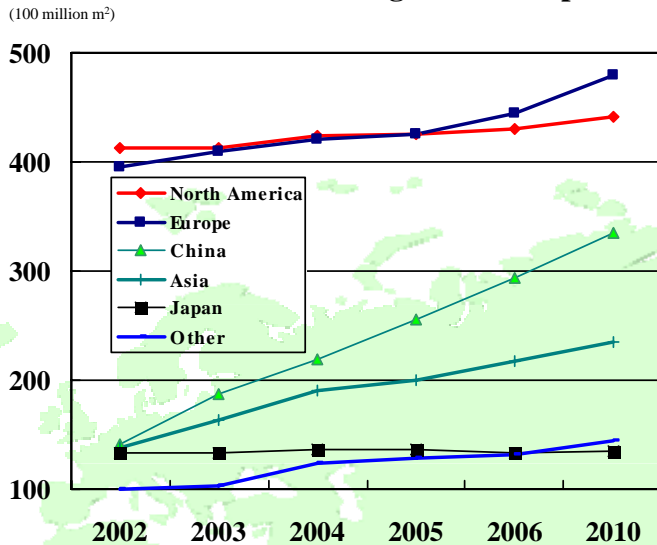


Overseas market shares
(Market scale: ¥70 billion)

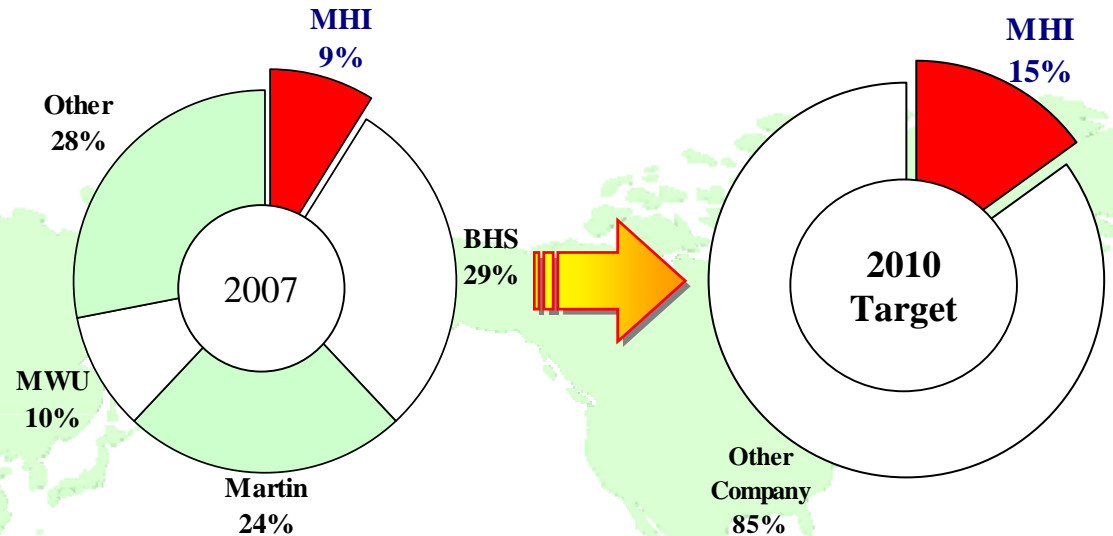


Overseas Strategy for Paper converting machinery

Global trends in corrugated board production



Mitsubishi Heavy Industries' overseas market share



Strategy to increase our share of the paper converting machinery market

Global expansion revolving around box-making machine “EVOL”

- **Securing orders from three major companies and further repeat orders on the back of a strong reputation, having entered the North American market in 2005**
- **Using the results of European market research to attract and secure inquiries from major companies likely to order domestic standardized specification for 84 inch machine**
- **Assigning human resources to growth markets (China, India, Vietnam, etc.)**