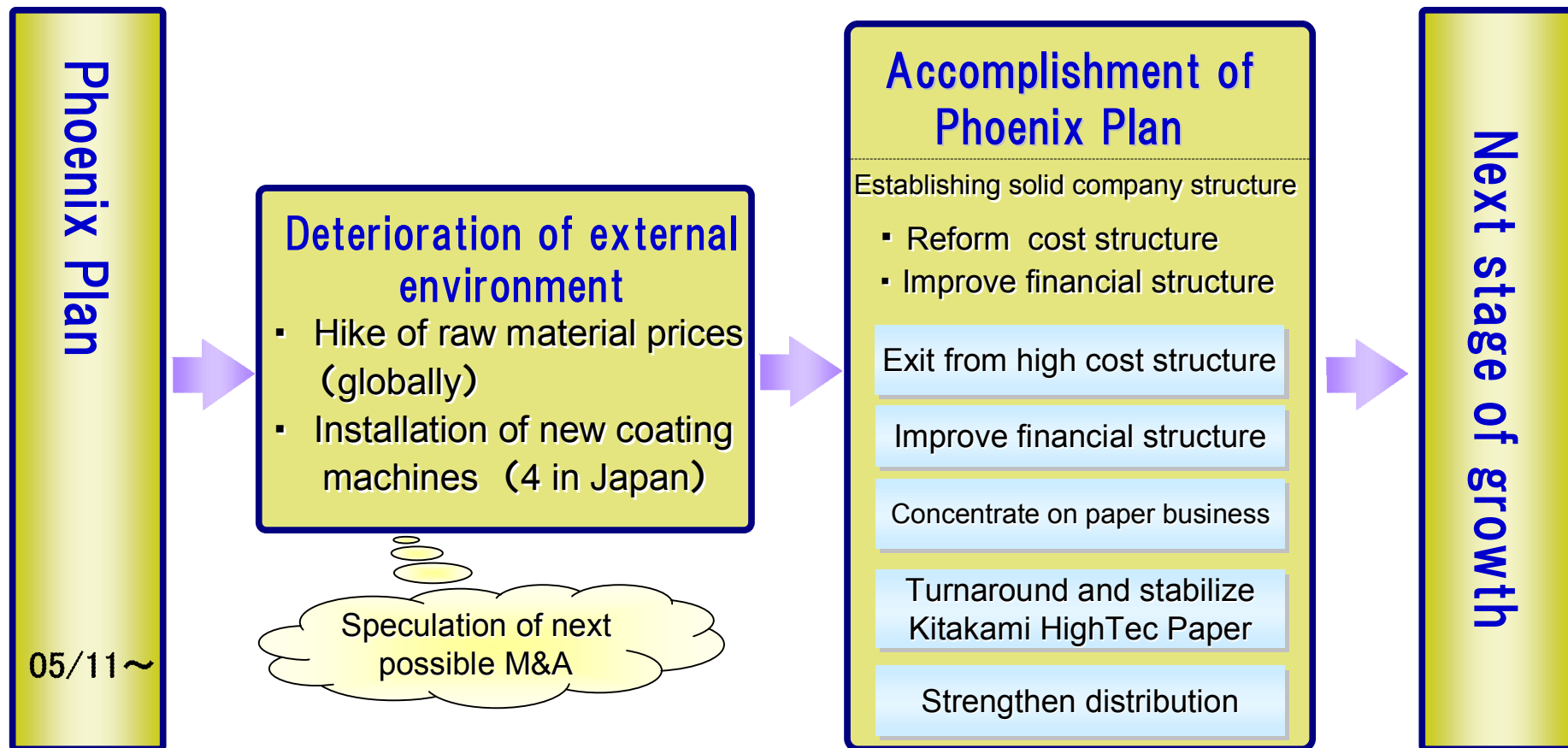


**Interim Report of Phoenix Plan
as of September 30,2006**

**Mitsubishi Paper Mills Limited
President,CEO Takeshi Sato**

“Firm resolution of pursuing the goal of Phoenix Plan”



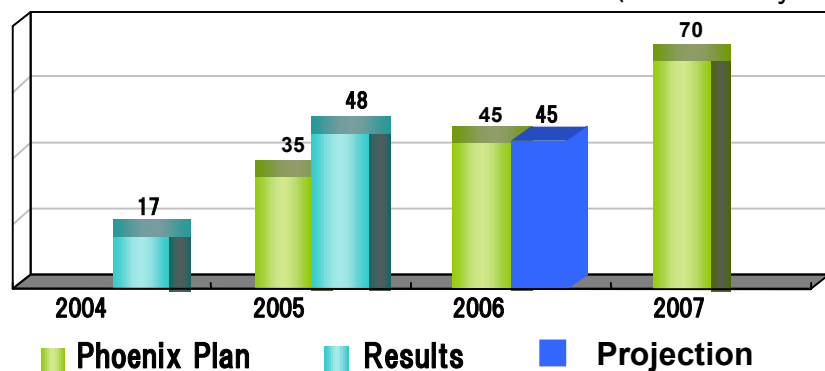
Plan, Results and Projection (consolidated)



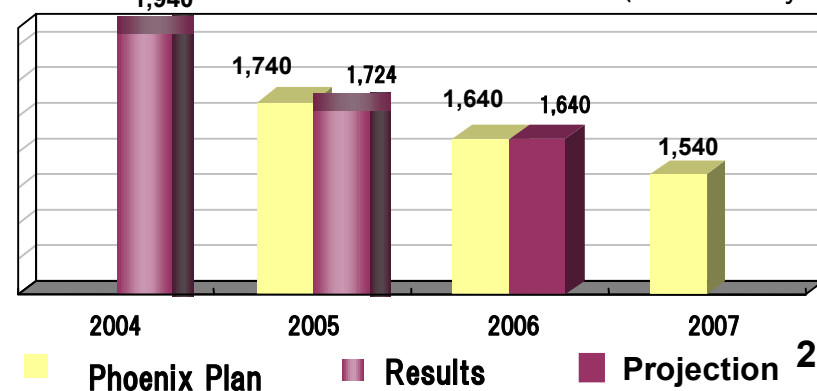
(100 million yen)

	2004 results	2005 results	2006				2007 Phoenix Plan
			Phoenix Plan	1 st half	2 nd half	Projection	
Revenue	2,347	2,285	2,300	1,185	1,185	2,370	2,350
Ordinary profit	17	48	45	24	21	45	70
Ordinary profit on revenue	0.7%	2.1%	2.0%	2.0%	1.8%	1.9%	3.0%
Interest bearing debt	1,940	1,724	1,640	1,675		1,640	1,540
Equity ratio	17.2%	22.0%	22.0%	22.2%		22.0%	24.0%
# of employees	4,902	4,717	4,800	4,654		4,600	4,700

Ordinary profit (100 million yen)



Interest bearing debt (100 million yen)

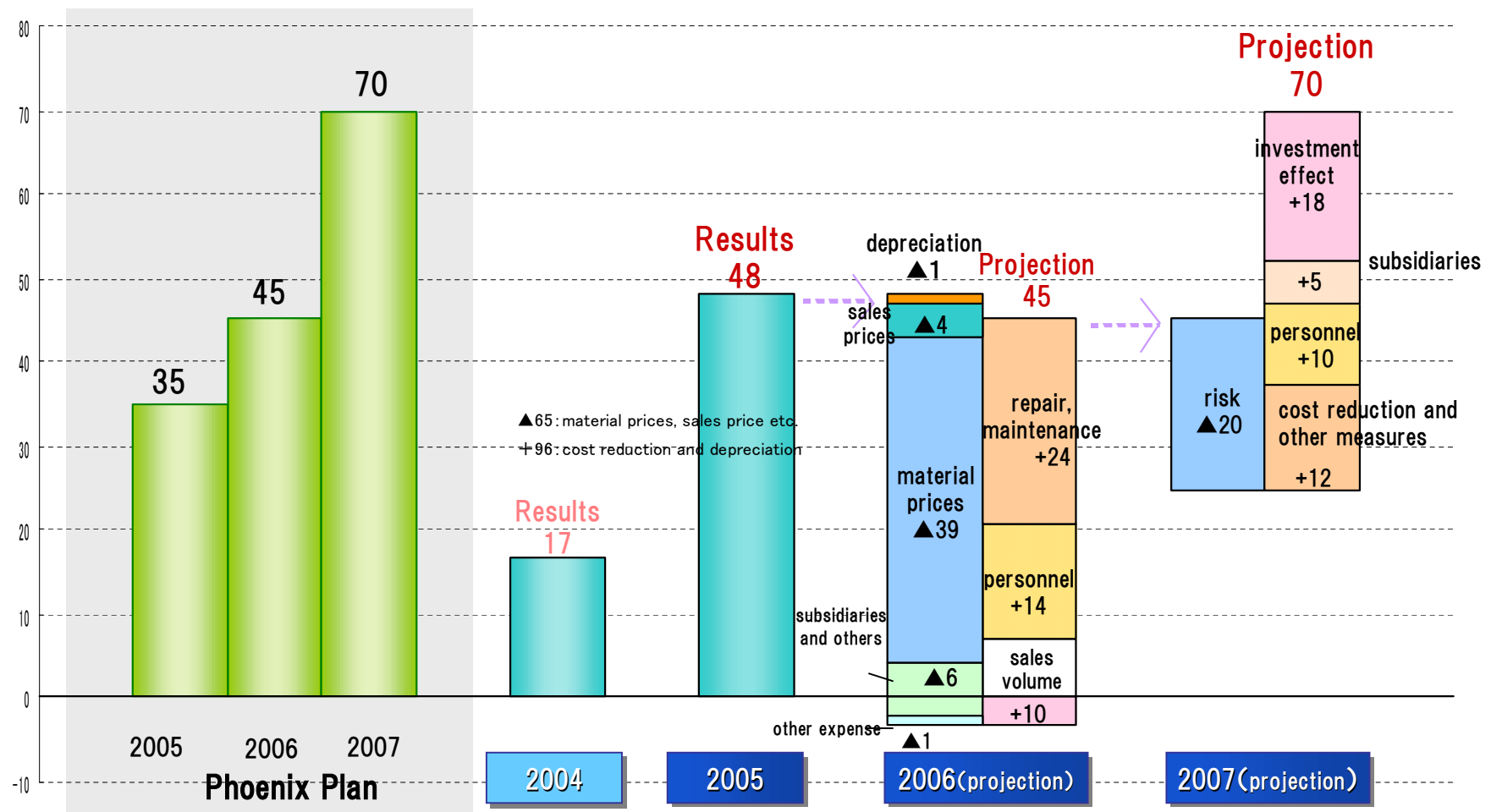


The road to goal



Ordinary profit(consolidated)

(100million yen)



Revenue growth by product

(100million yen)

Revenue by product (non-consolidated)	Fiscal year 2005	Fiscal year 2006 (projection)	
Printing Paper	1,124	1,160	<ul style="list-style-type: none"> • Strategic investment in Hachinohe • Promotion of new products • Strengthening of distribution
Digital Imaging	331	345	<ul style="list-style-type: none"> • IJ: taking advantage of leading position • Merger with Pictorico • Obtaining residual profit of photo paper • Development of new product
Newly Developed Products	44	50	<ul style="list-style-type: none"> • Promotion of 5 newly developed products

20 billion yen strategic investment in Hachinohe Mill

- Reconstruction of paper and coating machines etc. <13 billion yen>
 - ⇒ production increase and quality improvement ■ ■ 72Tt/m →75Tt/m (effective from 2nd half year)
- 100% self production of pulp <7 billion yen>
 - ⇒ effective from 2nd half year of 2007

Promotion of new product

- bulky paper and high whiteness coated paper
- FSC certified paper

Consolidation of MPS with MC Packaging(printing paper div.)

- Shareholder: MPM59.67%、MC28.75%、Minorities11.58%
(before: MPM67%、MC20%、Minorities13%)
- Synergy ⇒ Revenue increase of 10 billion yen annually
- Promotion of diversification of supply sources

Ink Jet Paper business

■ IJ: Taking advantage of leading position

■ Acquired Pictorico Inc, from Asahi Glass

- Obtaining the customers of PICTORICO consisting of high-end users
⇒ enrichment of product portfolio
- Revenue increase of 1 billion yen annually

※Focus strategy ⇒ Separation of OPC business

Photo Paper business

■ Obtaining of residual profit of Photo paper (→ Business chance for KHP)

■ Promotion of IJ use and other new business area

■ Promotion of new product development (centering around Filter, Re-write media, Non-woven fabric, Thermal storage material, Functional film)

Filter

- technological exchange with Woongjin Coway(Korea)

Non-woven fabric

- promotion of high-performance filter for industrial use
- promotion of battery separator
- release of nano wiper and electric transmission wiper for clean rooms

Re-write media

- broadening distribution channel

Thermal storage material

- finding new market

Functional film

- development of silver pattern film for electromagnetic wave shield

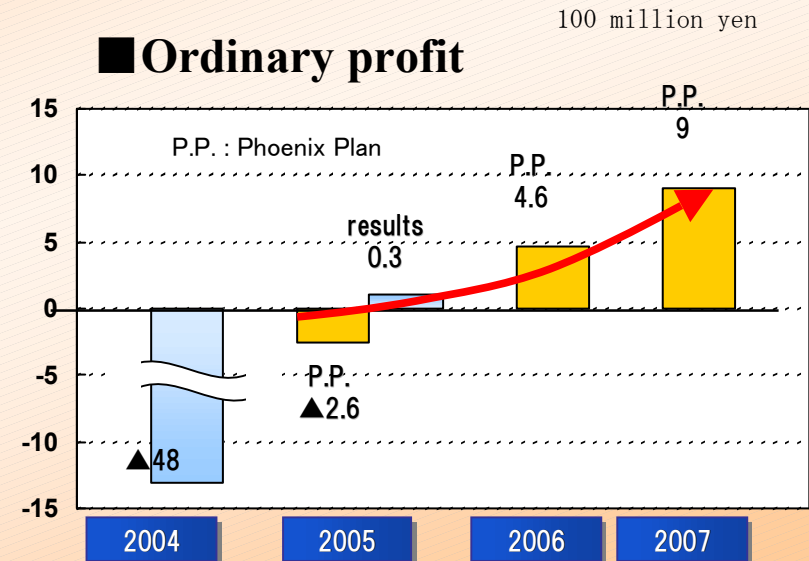
Kitakami HighTec Paper

How to deal with external environment change

- withdrawal of major players (Konica-Minolta etc)
 - ⇒ obtaining residual profit
 - ⇒ exploitation of new market

- Promotion of IJ use and other new business area

Ordinary profit



German Operation

Severe business environment

- energy prices surge(natural gas etc.)
- pulp and chemical prices hike
- harsh competition
- appreciation of EURO



Profit improvement

- close cooperation with MPM
 - improvement of product mix
 - thorough cost reduction

“Commitment of 7 billion yen ordinary profit in 2007”

1. Emergence of strategic investment effect in Hachinohe mill
2. Strengthening Digital Imaging business
(Strengthening competitiveness of KHP)
3. Acceleration of product mix change in specialty paper
4. Reinforcement of new product development
5. Thorough cost structure reform

Cautionary Statement



- This slide contains 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 by 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. MPM does not intend or assume any obligation to update these forward-looking data.