

Joint Release
January 23, 2013

Announcement of Signing a Letter of Intent for Business Alliance
on Commercial Printing Machinery

Mitsubishi Heavy Industries Printing & Packaging Machinery, Ltd. (Masami Shimizu, President) and Ryobi Limited (Akira Urakami, President and COO) herein announce signing a Letter of Intent, dated January 23, 2013, for a joint study on business alliance for commercial printing machinery business.

1. Purpose of the agreement

Both companies have been producing and selling sheet-fed offset printing presses (*1) and facing the stiffer market situation with the shrinking demand especially in developed countries due to the recent global economic crisis. This has led both companies to promote structural reforms to sustain competitiveness in the market and financial soundness as well.

As part of the further efforts in strengthening corporate structure, both companies agreed to study on establishing business alliance in the field of sheet-fed offset printing press business with a possible set up of a joint venture company in future specifically aiming at improving competitiveness of sheet-fed offset printing machinery, enhancing the scale of operations, and solidifying its management base.

It is expected in the commercial printing industry that the market demand for printing machinery in the developing countries is getting stronger, and the demand for higher specification products is expected to grow further in the global market.

Both companies from now on jointly study the scheme that allows significant synergy effects such as enhancement of product line-up, enlargement of product development capability, reduction of product cost, and improvement in sales and service networks. The plan is expected to enable the stronger presence in the global market.

(*1)"Sheet-fed offset printing press" means a printing machine which prints high quality visual image on cut out paper sheets.

2. Overview of Both Companies

(1) Corporate Name	Ryobi Limited	Mitsubishi Heavy Industries, Paper & Packaging Machinery, Ltd.	
(2) Headquarters Site	762 Mesaki-cho, Fuchu-shi, Hiroshima, Japan	1-1-1, Itozaki Minami, Mihara-shi, Hiroshima, Japan	
(3) Official Position and Name	Akira Urakami, President and COO	Masami Shimizu, President	
(4) Business Lineup	Die-cast products Printing equipment (Offset printing presses, Peripherals, etc.) Power tools (Electric power tools, lawn and garden equipment, etc.) Builders' hardware (Door closers, hinges, architectural hardware, etc.)	Sheet-fed offset printing presses Commercial web offset printing presses Newspaper offset printing presses Paper Converting Machinery	
(5) Capital	18,472 million yen	10,000 million yen	
(6) Date of Establishment	December 16, 1943	April 6, 2004	
(7) Number of Employees (As of September 30, 2012)	2,111	834	
(8) Relationship between Both Companies	No relationship in capital, personnel, and trading as of now		
(9) Operating Results of Previous Fiscal Year	2012 fiscal year (April, 1 2011 to March, 31 2012) (consolidated results)	2012 fiscal year (April, 1 2011 to March, 31 2012)	
	Net Sales	165,638 million yen	43,574 million yen
	Operating Income	7,715 million yen	1,811 million yen
	Ordinary Income	6,950 million yen	1,262 million yen
	Net Income	4,179 million yen	690 million yen

3 schedule

Both parties aim to conclude a final agreement in this respect by June 30, 2013.