MITSUBISHI MOTORS CORPORATION

ANNUAL REPORT 2012
Year ended March 31, 2012

Drive@earth

MITSUBISHI MOTORS

Mitsubishi Motors Corporate Philosophy

"We are committed to providing the utmost driving pleasure and safety for our valued customers and our community. On these commitments we will never compromise. This is the Mitsubishi Motors way."

Customer-centric approach

Mitsubishi Motors will give the highest priority to satisfying its customers, and by doing so, become a company that enjoys the trust and confidence of the community at large. To this end, Mitsubishi Motors will strive its utmost to tackle environmental issues, to raise the level of passenger and road safety and to address other issues of concern to car owners and the general public.

Going the extra mile

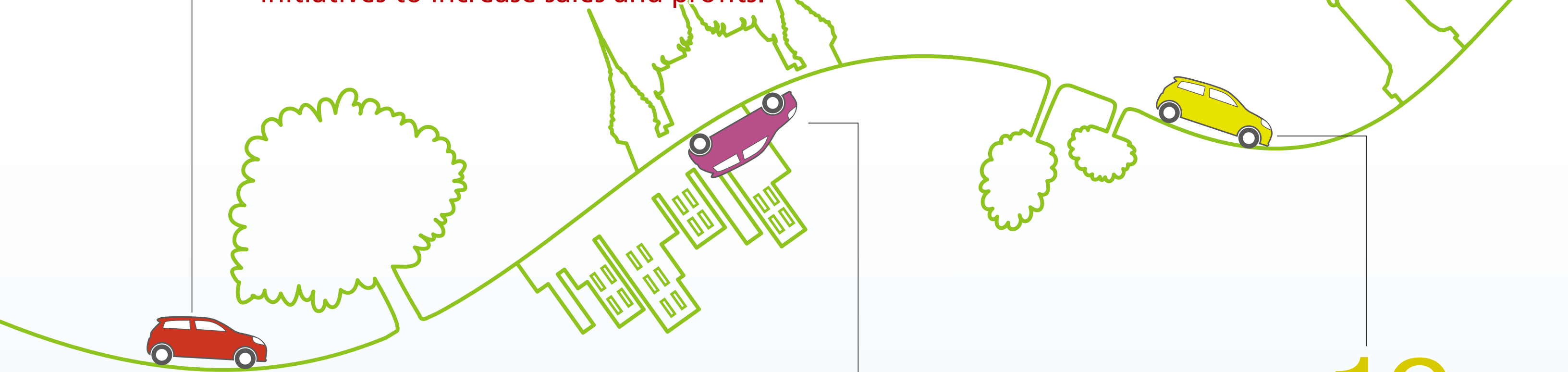
Mitsubishi Motors will pay close attention to even the smallest details in the belief that this approach will lead customers to discover new value in their cars, giving them a richer and more rewarding driving experience.

A clear direction for the development and manufacturing of Mitsubishi Motors vehicles

The cars that Mitsubishi Motors will manufacture will embody two major concepts: driving pleasure and safety. Mitsubishi Motors will manufacture cars that deliver superior driving performance and superior levels of safety and durability, and as such, those who use them will enjoy peace of mind.

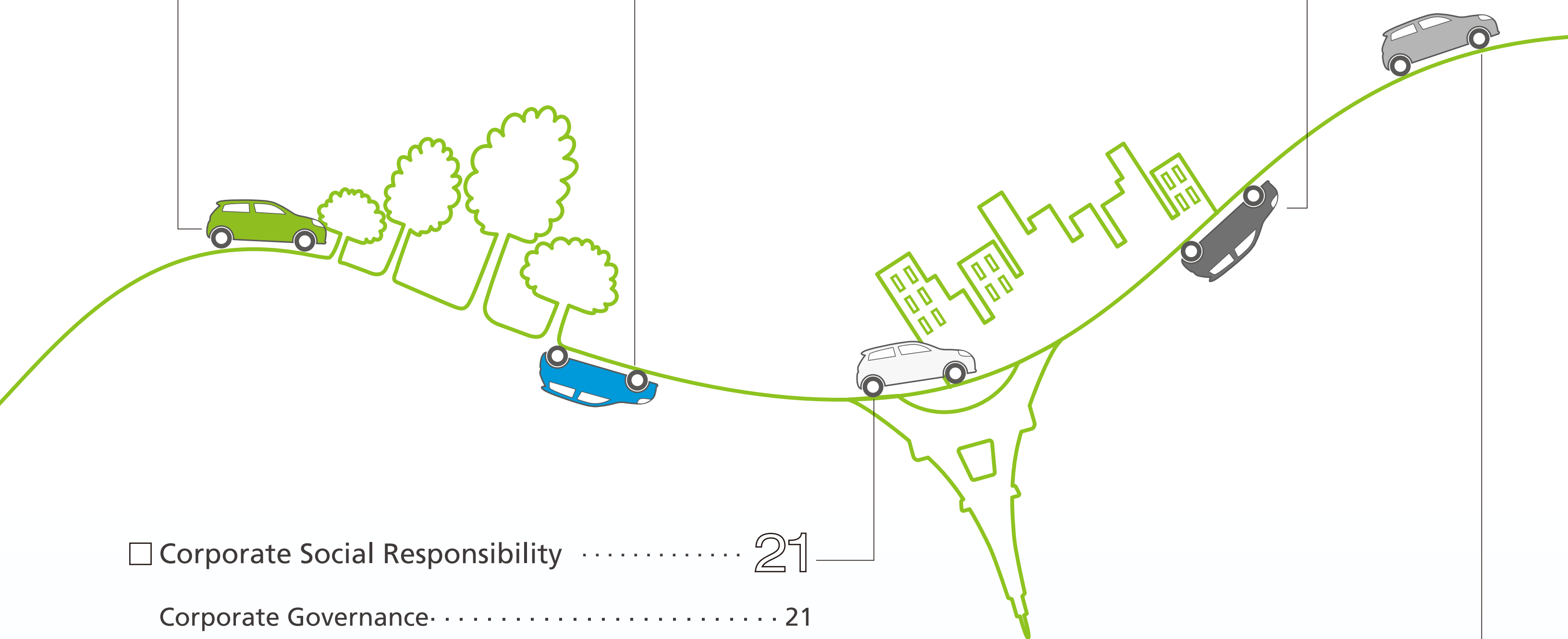
Importance of continuity

Mitsubishi Motors will continue to manufacture distinctive cars with the passion and conviction to overcome all challenges.



Forward-looking Statements

This annual report contains forward-looking statements about Mitsubishi Motors Corporation's plans, strategies, beliefs and performance. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industries in which Mitsubishi Motors Corporation operates, as well as management's beliefs and assumptions. These expectations, estimates, forecasts and projections are subject to a number of risks and uncertainties that may cause actual results to differ materially from those projected. Mitsubishi Motors Corporation, therefore, cautions readers not to place undue reliance on forward-looking statements. Furthermore, Mitsubishi Motors Corporation undertakes no obligation to update any forward-looking statements as a result of new information, future events or other developments.



Drive@earth

Drive@earth means that automobiles connect us to the world. Through trust, Mitsubishi vehicles forge a connection to customers, to communities and ultimately to the natural world around us. Drive@earth also means a new emphasis on environmental issues. It is the simple recognition that no enterprise makes sense without the context of a healthy planet, and that automakers have a special responsibility in this regard. MMC sets as its ideal the synergy between dynamic and environmental performance, and will continue to develop technologies that show as much care for the environment outside as for the occupants within its vehicles.

To Our Shareholders and Stakeholders

Positioning fiscal 2012 as a year for sowing the seeds of future growth, we will engage in initiatives to increase sales and profits.

Fiscal 2011 was an extremely difficult year for Mitsubishi Motors. In addition to a worsening business environment stemming from the European debt crisis and historically high levels of yen appreciation, our business was affected by such natural disasters as the Great East Japan Earthquake and flooding in Thailand, suspending production at factories in Japan and overseas.

Under these conditions, all employees pulled together on the production front, and thanks to their cooperation and valiant efforts by parts manufacturers and other parties, we were able to achieve a swift recovery. This result reconfirmed our faith in the strength and resilience of Japanese manufacturing.

Taking to heart the lessons learned through these calamities, they have also afforded us the opportunity to conduct a sweeping review of our operations.

We faced this host of difficulties in our operating environment in the first year of our three-year med-term business plan, "Jump 2013," which commenced in fiscal 2011. Nevertheless, we forged ahead in line with our basic policy of "Growth and Leap Forward," working resolutely toward the unchanged targets set in "Jump 2013." Specifically, we commenced production of the all-new *Mirage* at our plant in Thailand, and through the global rollout of electric vehicles pursued thorough measures to bolster profits by concentrating management resources on emerging market and environmental initiatives. As a result, we succeeded in boosting income and surpassing our initial profit targets.

In fiscal 2012, we will sow the seeds for future growth and further sales and profit increases. To reach the targets set in "Jump 2013," we will aggressively promote measures targeting emerging markets and environmental initiatives in the areas of product development, production and sales.

Our primary initiatives for fiscal 2012 are to roll out the *Mirage* on a global scale and introduce new models such as the next-generation *Outlander* and a plug-in hybrid electric vehicle (PHEV). We will expand local production in emerging markets, including Thailand, China and Russia, and we intend to make steady progress on expanding sales in line with "ASEAN Challenge 12" (See Feature 1 on pages 10–13).

Mitsubishi Motors wishes to sincerely thank all its stakeholders—including shareholders, customers, business partners and employees—and ask for their ongoing support and guidance in the years ahead.

September 2012

Takashi Nishioka
Chairman of the Board

Osamu Masuko
President

To achieve our goal of "Growth and Leap Forward," we will reinforce measures to meet the needs of emerging markets and address environmental concerns.

In fiscal 2012, Mitsubishi Motors introduced the all-new *Mirage* and the next-generation *Outlander* as global strategic models designed to meet market needs. We also plan to launch PHEV models, on which we are pursuing development independently. Leveraging these models, we aim to expand our sales volume in each of the world's regions, build an optimal production structure and bolster production capacity in emerging markets.

Osamu Masuko
President

Looking Back on the First Fiscal Year of "Jump 2013," Our Mid-Term Business Plan

▶Despite a difficult operating environment, income increased, surpassing our profit targets.

In fiscal 2011, the first year for "Jump 2013," we sought vigorously to achieve "Growth and Leap Forward" by concentrating business resources in emerging markets and environmental initiatives, reforming the cost structure, pursuing business alliance opportunities for profit increases and reinforcing our business foundation.

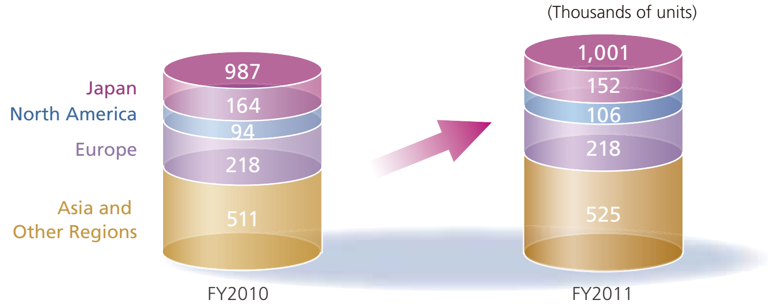
As a result of these efforts, we succeeded in exceeding our initial profit targets during the first year despite the numerous difficulties that beset the automobile industry: the impact of the Great East Japan Earthquake, flooding in Thailand, the European debt crisis, yen appreciation and sharply higher raw materials prices. Net sales decreased ¥21.2 billion year on year, to ¥1,807.3 billion, due to the impact of yen appreciation, but operating income grew ¥23.4 billion, to ¥63.7 billion, as we revised our product mix and strove to curtail raw materials costs, and net income expanded ¥8.3 billion, to ¥23.9 billion. On the operational front, sales volume (retail) rose 14,000 units year on year, to around 100,001,000 units, driven by sales in ASEAN and other overseas markets. We also racked up a steady string of successes in bolstering our strengths by preparing to commence production of the all-new *Mirage* in Thailand and making the decision to discontinue local production at a European production facility.

Fiscal 2011 Highlights

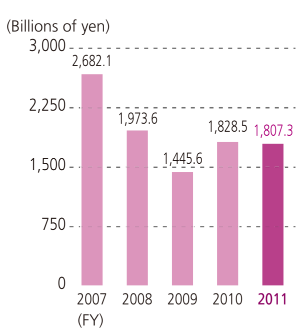
- Sales volume (retail) was 1,001,000 units, up 1% year on year, owing to increased sales in the ASEAN, North American, and Central and South American markets.
- Net sales slipped 1%, to ¥1,807.3 billion.
- Operating income surged 58%, to ¥63.7 billion.
- Net income rose 53%, to ¥23.9 billion.

Income increased as a result of a higher sales volume, improved product mix and the effect of cost reductions

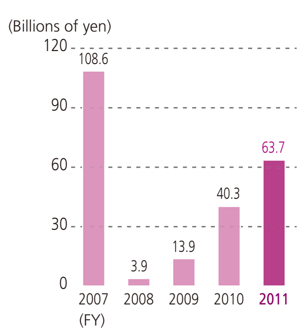
Sales Volume (Retail) by Region



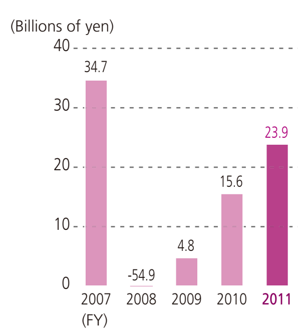
Net Sales



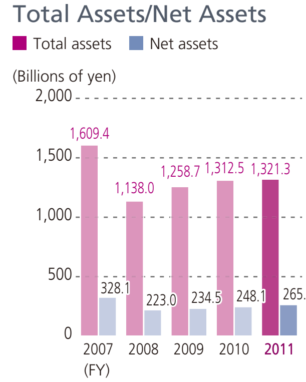
Operating Income



Net Income (Loss)



Total Assets/Net Assets



Initiatives in Fiscal 2012 to Achieve "Growth and Leap Forward"

Product Development Initiatives

▶We will introduce and roll out new models in response to demand in emerging markets and accelerate our environmental initiatives.

Mitsubishi Motors is proactively pursuing product development in line with its emerging market and environmental initiatives. One aspect of these efforts is the global rollout of the all-new *Mirage*, which launched in March 2012 in Thailand, where it is being well received. In July 2012, we also commenced sales in Russia of our new eco-SUV model, the next-generation *Outlander*, which tops its class in terms of fuel efficiency and low CO_2 emissions. We plan to roll out this model on a global basis going forward. Based on the *Outlander*, we also plan to introduce new electric vehicles with plug-in hybrid systems, as well as mini-trucks. Meanwhile, we have received from Nissan Motor under an OEM agreement the *Proudia*, a high-end sedan, and the *Dignity* luxury sedan. We began offering both models in Japan in July 2012.

■ The All-New *Mirage*

We are commencing the full-fledged rollout of this global strategic model.

The all-new *Mirage* is a global compact car developed to be highly fuel efficient, affordable and compact (easy to drive), the ideal characteristics sought in a compact, thereby meeting the needs both in emerging countries as an entry-level car and advanced markets as an "eco-car."

Full production of the model has commenced at the third factory in Thailand, which was completed in March 2012. Following rollouts in Thailand and other ASEAN countries and Japan, the *Mirage* will be successively introduced in Europe, Australia and other regions. The *Mirage* is the most fuel-efficient eco-car in Thailand; exceeding the requirements for the Thai government's eco-car classification. This achievement has been well received by the Thai people; over 36,000 orders had already been received for the *Mirage* in Thailand as of August 31, 2012.

In Japan, we are introducing the *Mirage* as having the highest fuel efficiency among registered gasoline cars, at 27.2km/L (measured via Japan's JC08 mode*).

Mirage

■ The Next-Generation *Outlander*

We are rolling out this next-generation eco-SUV globally.

The next-generation *Outlander*, which achieves best-in-class levels of fuel efficiency and low CO_2 emission levels, is characterized by its outstanding environmental performance and sophisticated safety features employing advanced safety technology.

The European-spec model is equipped with either our all-new MIVEC engine or a clean diesel engine that achieves a low 14.9 compression ratio. The model boasts best-in-class environmental performance, meanwhile, through the Auto Stop & Go idling stop system, reduced vehicle weight and improved aerodynamics. High-end safety features include the Forward Crash Mitigation System (FCM), Adaptive Cruise Control System (ACC) and Lane Departure Warning System (LDW).

We have begun our European rollout of the *Outlander* from Russia. Going forward, we plan to expand the launch globally into Japan, China, Australia, North America and other countries.

Outlander

* An official method of measuring vehicle fuel consumption introduced by the Japanese government.

▶We are creating a system to roll out models after selecting the electrical drive system that is best suited for each market.

As a leader in electric vehicles, Mitsubishi Motors has accumulated a host of electric vehicle technologies, which are applicable to PHEVs and hybrid vehicle systems. We plan to leverage these successes by introducing a PHEV in fiscal 2012. We are also developing hybrid vehicles, which we expect to complete by fiscal 2014. While carefully monitoring individual market trends, we plan to introduce these new models sequentially and select the electrical drive systems that are optimal for their launch markets.

In Europe and other mature markets, the European debt crisis and other factors have led to economic stagnation and redoubling an emphasis on affordability. Meanwhile, demand remains robust in the ASEAN region and other emerging markets, and an environmental orientation is growing more pronounced. In line with these trends, for the electrical vehicle models we launch from fiscal 2014 onwards we will select the best electrical drive system for each segment, taking into overall account such factors as cruising range, price receptivity and infrastructure.

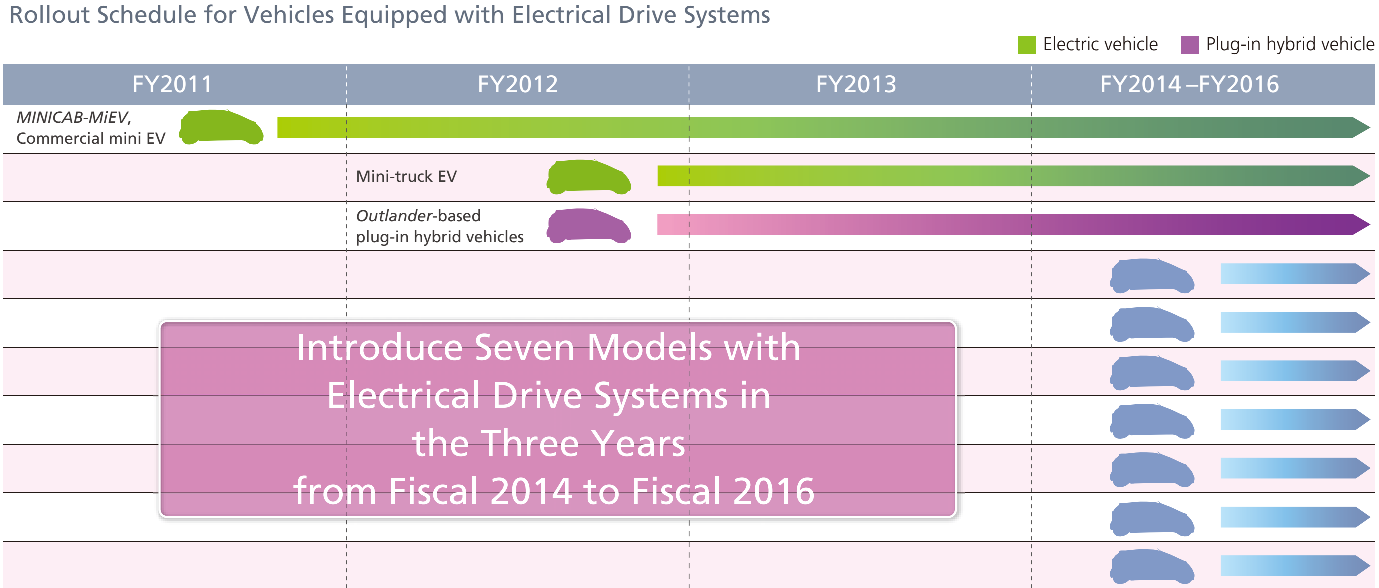
Our policy is to roll out zero-emission electric vehicles in the minicar and compact car categories, which are used to travel relatively short distances, are smaller and have a limited cruising range. In compact sedans, meanwhile, we plan to develop hybrid vehicles for emerging markets, where demand is expanding and environmental awareness is growing. In addition to being competitive pricewise, these models require no charging infrastructure. In the SUV category, where cruising range demands are high, we will offer plug-in or other hybrid vehicles. Our decision of whether to introduce PHEVs or hybrid vehicles will take into consideration such factors as the principal sales regions of individual models and price receptivity.

Mitsubishi Motors has developed a technology base spanning three types of electrical drive systems: electric vehicles, PHEVs and hybrid vehicles. We will create a structure that enables us to introduce different types of eco-cars to match the needs of individual markets.

MITSUBISHI Concept PX-MiEV II
Equipped with the Mitsubishi Plug-in Hybrid System

Mini-truck EV

Rollout Schedule for Vehicles Equipped with Electrical Drive Systems



Production Initiatives

▶We will aggressively boost production capacity in emerging markets.

On the production front, our mid-term business plan, "Jump 2013," calls for efforts at increasing production capacity in emerging markets and adjusting it to natural demand in mature markets.

With the aim of increasing production capacity in emerging markets, we are expanding in the robust ASEAN region based on a growth strategy that we formulated in September 2011, "ASEAN Challenge 12" (see Feature 1 on pages 10–13). Specifically, we are building a structure to supply the all-new *Mirage* throughout the world from our third factory in Thailand, which was completed in April 2014. We are also augmenting production capacity at the first and second factories for such models as the *Triton*, our mainstay pickup truck. We have already begun local production in Vietnam and Bangladesh for the *Pajero Sport*, a mid-sized SUV, and in Indonesia for the *Outlander Sport* (*RVR* in Japan), a compact SUV.

We are also aggressively boosting production capacity in emerging markets outside the ASEAN region. In November 2012, we will begin local production at our Kaluga plant for the next-generation *Outlander*, to be sold within that country. In China, we are in the process of setting up a new joint venture company with the Guangzhou Automobile Group. We expect to begin production of a new model in October 2012 at the joint venture. Furthermore, we are preparing to begin local production in India of the *Pajero Sport*, a mid-sized SUV.

▶We are working to optimize production capacity in advanced markets

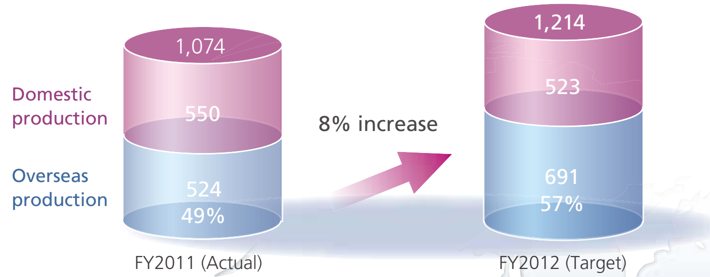
With the aim of adjusting production capacity to natural demand in mature markets, we commenced production of the *Outlander* at our Ozaki Plant in Japan in May 2012. We recognize that the export environment is problematic, however, due to high levels of ongoing yen appreciation.

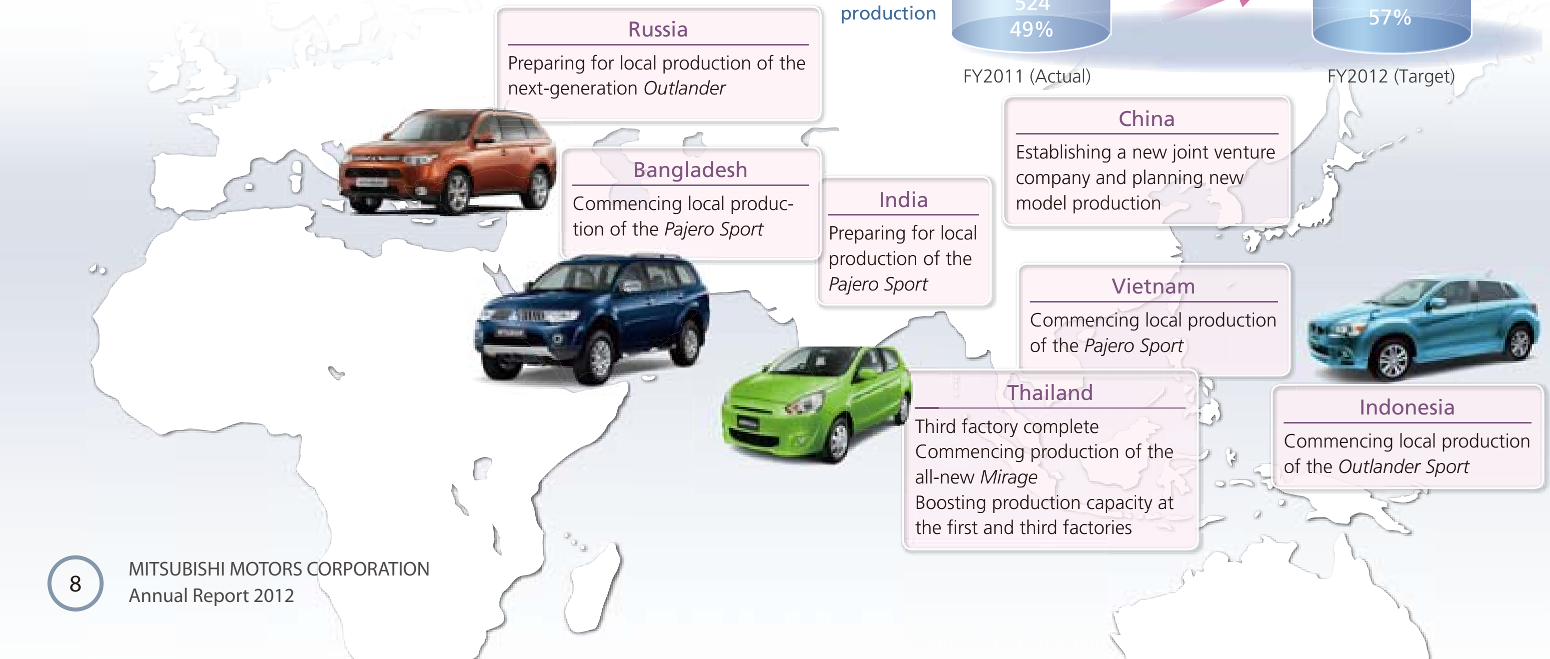
Looking overseas, we began local production of the *Outlander Sport*, (*RVR* in Japan), a compact SUV, in the United States in July 2012, and we are raising the plant utilization ratio by expanding exports to Central and South America, Russia and other areas. Meanwhile, we have decided to cease vehicle production at our European facility at the end of 2012 and not to introduce new models after that point.

Due to the progress of these production reforms and our efforts to augment production volume, centering on emerging markets, in fiscal 2012 we expect overseas unit production to outpace domestic production for the first time. Our overseas production ratio for fiscal 2011 was 49%; we anticipate a rate of 57% in fiscal 2012. This change will make the Company more resistant to exchange rate fluctuations and enable us to reduce costs.

Raising the Overseas Production Ratio by Boosting Overseas Unit Production

(Thousands of units)





Sales Initiatives

▶MMC is striving to expand sales in emerging markets, centered on the ASEAN region.

Mitsubishi Motors has identified China, Russia, the ASEAN region and Brazil as key markets, and is working to increase sales in these areas. Our business in the ASEAN region was affected by the 2011 flooding in Thailand, which caused us to suspend operations at our plants there for approximately one month and led to product shortages on the sales front. Despite this situation, in fiscal 2011 our sales volume in Thailand ultimately rose 55% year on year, to 74,000 units. Sales likewise increased by 24% in Indonesia, to 70,000 units, and rose 24%, to 200,000 units, for the entire ASEAN region. We are stepping up our initiatives for Thailand and Indonesia, where we aim to achieve sales of 100,000 vehicles in fiscal 2012 and fiscal 2013, respectively.

Performance Forecast

By fiscal 2013, the final year of our mid-term business plan, "Jump 2013," we aim to reach a sales volume of 1.37 million units. In the year prior to that, fiscal 2012, we expect to steadily boost sales in emerging markets, particularly the ASEAN region, which continue to grow. We plan to achieve this expansion through the global rollout of our new *Mirage* and *Outlander* models. For fiscal 2012, we anticipate a sales volume of 1.09 million units, up 89,000 units, or 9%, from fiscal 2011. However, we expect to incur upfront costs during the year, as we work to sow the seeds for future growth by aggressively promoting emerging market and environmental initiatives in the areas of product development, production and sales to achieve "Growth and Leap Forward." Consequently, for fiscal 2012 we forecast net sales of ¥1,980 billion, operating income of ¥80 billion and net income of ¥13 billion.

Finally, we consider our capital strategy to be of utmost importance for Mitsubishi Motors. Although we have not paid dividends on common stock for some time, during the term of "Jump 2013," our mid-term business plan ending in fiscal 2013, we aim to resume dividend payments. First, it is essential for us to push forward resolutely toward "Growth and Leap Forward" under "Jump 2013" and demonstrate improved profitability to our shareholders. With this in mind, we will move forward with unyielding resolve to make a comprehensive proposal to shareholders that includes dealing with preferred shares.

Operating Performance

(Billions of yen, thousands of units)

	FY2011 (Actual)	FY2012 (Forecast)	FY2013 (Target)
Sales Volume (Retail)	1,001	1,090	1,370
Net Sales	1,807.3	1,980.0	2,500.0
Operating Income	63.7	80.0	90.0
Operating Income Ratio	3.5%	4.0%	3.6%
Net Income	23.9	13.0	45.0
Net Income Ratio	1.3%	0.7%	1.8%

Feature 1: Undertaking the "ASEAN Challenge 12," Our Business Expansion Strategy in the ASEAN Market

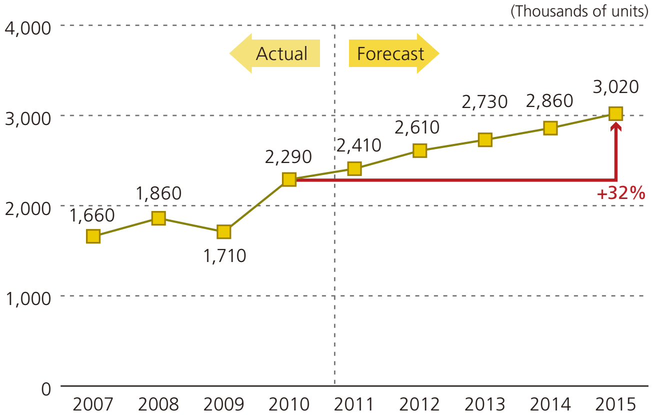
Mitsubishi Motors considers the ASEAN region a key market that will serve as an engine of growth over the long term. Accordingly, we are working to further increase sales in this market. In line with this policy, we have formulated "ASEAN Challenge 12," a business strategy that calls for us to boost local production in five major countries in the ASEAN region, and boost our market share in this region to 12% by 2015.

▶Mitsubishi Motors' state of development in the ongoing ASEAN growth market

The automobile market in the five main ASEAN countries (Thailand, Indonesia, the Philippines, Malaysia and Vietnam) is growing apace. According to the June 2011 edition of *IHS Automotive*, the market's sales volume had risen from 1.66 million vehicles in 2007 to 2.29 million in 2010. By 2013, sales are forecast to expand to 2.73 million units.

In recent years, Mitsubishi Motors' sales volume has risen substantially, in tandem with the ASEAN region's growth. Excluding Indonesia, where our sales have traditionally been strong, our market share doubled in each of these countries between fiscal 2009 and fiscal 2011. Mitsubishi Motors' share

Market Size (Sales Volume) in Five Main ASEAN Countries



Source: Total demand data is from the June 2011 edition of *IHS Automotive*.
Models include passenger cars and compact commercial vehicles (excluding trucks and buses).

of sales in the five main ASEAN countries reached 7.9% in fiscal 2011, up 1.4 percentage points from fiscal 2010. For these reasons, the ASEAN region constitutes an extremely important market for Mitsubishi Motors.

An early entrant to the ASEAN region, Mitsubishi Motors currently has production bases in four countries: Thailand, Indonesia, the Philippines and Vietnam.

In Thailand, we produce the *Triton*, a pickup truck; the *Pajero Sport*, a mid-sized SUV; and the *Lancer EX*, a sedan. *Triton* and *Pajero Sport* models produced in Thailand are exported throughout the world. In the Philippines, we manufacture the *Adventure*, an "Asian Utility Vehicle (AUV)" that we consider our Asian-strategy vehicle; the *L300* commercial vehicle; and the *Lancer EX*. We manufacture the *L300* and *T-120* commercial vehicles in Indonesia and the *Zinger* and *Pajero Sport* in Vietnam. The majority of these vehicles are sold in local markets. In Malaysia, we have licensed PROTON to produce the *Inspira*, a sister vehicle to the *Lancer*, and provide parts for knockdown production.

Pajero Sport

Triton

Lancer EX

▶New targets and growth strategy in the ASEAN region

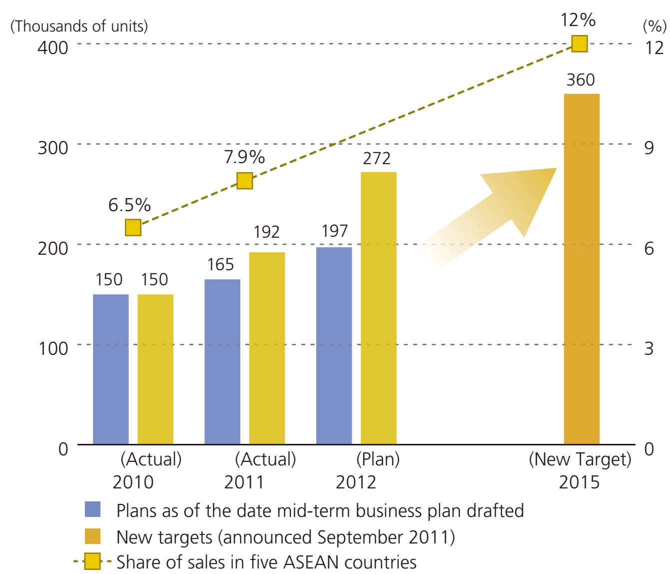
Mitsubishi Motors believes that the ASEAN region offers extremely high growth potential, for several reasons: expansion in this region is stable in comparison with other emerging markets, historically Mitsubishi Motors has a strong market share in the area, and internal demand is forecast to expand. Our mid-term business plan, "Jump 2013," set our target sales volume for the five main ASEAN countries at 165,000 units in fiscal 2011. We outpaced this figure substantially, achieving sales of 192,000 units.

Against this backdrop, we are now targeting a sales volume of 360,000 units in the five main ASEAN countries by fiscal 2015—a 12% market share. We are moving forward with specific strategies to turn this goal into reality.

Our first strategy is to successively launch the all-new *Mirage* throughout the ASEAN region. In Thailand, the *Mirage* is produced and sold by Mitsubishi Motors (Thailand), or MMTh. The company also exports the model throughout the world. In April 2012, MMTh completed construction on its third factory, rounding out our production structure in the country. We are also boosting production capacity at our first and second factories in the country.

Our second strategy is to gradually introduce local production models in ASEAN and Southwestern Asian countries in the next two years, centering on mid-sized and compact SUVs and compact passenger cars. We plan to expand local sales in line with this increase in local production.

Fiscal 2015 Targets for Five ASEAN Countries: Sales of 360,000 Units, 12% Market Share



Feature 1: Undertaking the "ASEAN Challenge 12," Our Business Expansion Strategy in the ASEAN Market

▶Bolstering local production in the ASEAN region

To reinforce local production in the ASEAN region, in Indonesia we have commenced local production and sales of the *Outlander Sport* (*RVR* in Japan), a compact SUV, in addition to the production of the *L300* and *T-120* commercial vehicles to date in response to demand for passenger cars.

Our partner in Malaysia, PROTON, produces the *Inspira* under license from Mitsubishi Motors, selling the model under the PROTON brand.

In Vietnam, Vina Star Motors produces and sells the *Zinger* AUV, and in August 2011 the company also began producing and selling the *Pajero Sport*, a mid-sized SUV. We plan to expand this business further in fiscal 2013 by introducing the *Mirage*.

We began local production in the Philippines in 1963, via Mitsubishi Motors Philippines. To date, production models have centered on commercial vehicles and AUVs, but the company is now endeavoring to boost its sales volume by offering 2L and 1.6L *Lancer EX* models, raising market share in the passenger car segment. We also plan to take advantage of capacity at transmission production and engine assembly plants in the Philippines, making the country a parts supply base for ASEAN countries.

In this manner, we are gradually increasing local production, commencing with the *Mirage* in Thailand and then moving to the *Outlander Sport* in Indonesia. Through these efforts, as well as by producing a new-generation transmission in the Philippines and commencing local production of the *Mirage* in Vietnam, we are further accelerating our business development in the ASEAN region.

L300

T-200

Outlander Sport

Zinger

Focusing Our Management Resources in Thailand, a Market with Strong Growth Potential and MMC's Most Important Global Production Hub

■ Robust ongoing growth in the Thai market

For Mitsubishi Motors, Thailand is an attractive market that offers robust growth. In fiscal 2011, our plants were fortunately unharmed by the flooding that hit the country in October, but many of our business partners sustained damage. Consequently, we were forced to suspend production for approximately one month, as the supply of certain parts was interrupted. Even so, favorable sales of the *Triton* and *Pajero Sport* led to a solid 55% year-on-year increase in sales volume, to 74,000 units.

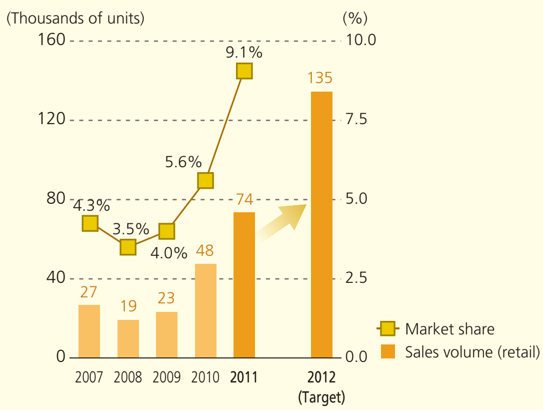
Having recovered from the flood damage, the resilient Thai economy is expected to continue growing. We expect our sales volume to rise steadily in line with this expansion. Sales are proving favorable for the *Mirage*, which launched there in March 2012. As of August 31, orders exceeded 36,000 vehicles—greatly outpacing our expectations—and we believe these conditions will continue into the future.

■ Reinforcing production activities

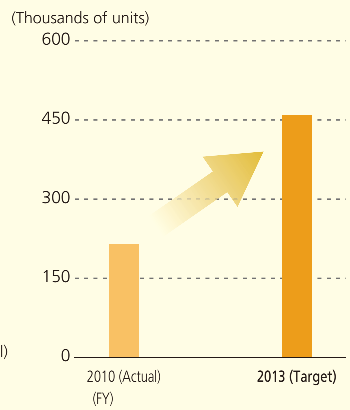
Even among the five main ASEAN countries, Thailand is noteworthy for being a vital production and export hub to the global marketplace. MMTh's production facilities in the Laem Chabang industrial complex southeast of Bangkok adjoin a port that can be used to export finished vehicles. In addition to the first and second plants, which span 1.06 million square meters and produce the *Triton*, *Pajero Sport* and *Lancer EX*, we completed a third factory in April 2012 to manufacture the *Mirage*. As well as exporting built-up vehicles, MMTh has a component factory for knockdown production.

In fiscal 2011, MMTh's total production capacity was 220,000 units, including vehicles for sale in Thailand and export production. Through efficient investment and by reinforcing our production base, we plan to increase this capacity by 240,000 units, to 460,000 built-up vehicles, enabling the company to meet growing demand for commissioned production and Mitsubishi Motors' increased sales volume.

Mitsubishi Motors' Sales in Thailand



Plans to Raise Production Capacity (Built-up Vehicles) at MMTh



MMTh's third factory

Feature 2: Further Enhancing Our Lineup as a Forerunner in Electric Vehicles

Mitsubishi Motors has pioneered the introduction of electric vehicles by offering the *i-MiEV* and *MINICAB-MiEV*. In fiscal 2012, we plan to enhance our lineup and accelerate our environmental initiatives by launching electric models of mini-trucks, as well as plug-in hybrid vehicles.

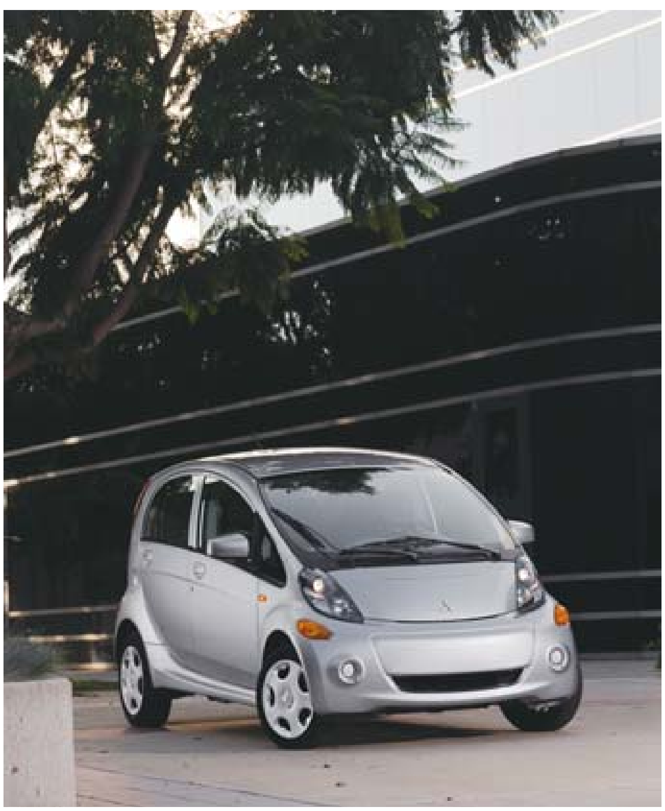
▶The *i-MiEV*, an electric vehicle with a growing global presence

In July 2009, we took the industry lead when we unveiled the *i-MiEV*, a new-generation electric vehicle designed as the ultimate eco-car. Since that time, this model has sold 7,200 units in Japan (as of August 31, 2012). We have also launched the model in overseas markets, including Europe, Hong Kong and Australia, and in November 2011 we commenced sales in North America. To bolster sales further, Mitsubishi Motors is cooperating with numerous governments, including Monaco, Iceland, Denmark, Singapore and Thailand, in their EV popularization initiatives. In October 2011, we began delivering the first of 507 vehicles to the government of Estonia. Supplied as partial payment under an emission rights purchase agreement between Mitsubishi Corporation and the government of Estonia, this arrangement will further extend the global reach of the *i-MiEV*.

▶A growing electric vehicle lineup

As our second phase of electric vehicle deployment, in December 2011 we launched the *MINICAB-MiEV*, a light commercial electric vehicle. With a maximum payload of 350kg, the model uses electric motors to generate top-end torque as soon as the vehicle starts to move, resulting in stress-free, powerful performance even when fully loaded. Furthermore, as the *MINICAB-MiEV* emits no CO_2 or other exhaust gases while moving, it is ideally suited to clean transportation of items such as food products and fresh flowers. Soon after its introduction, the *MINICAB-MiEV* found enthusiastic buyers among municipalities and other government agencies for use as a service vehicle. The model is also proving popular with carrier businesses and among other independent business owners, who give the *MINICAB-MiEV* high marks for its environmental and economic performance.

We also plan to introduce mini-truck electric vehicles in fiscal 2012, thereby expanding our lineup of electric vehicles as a forerunner in this segment.



North American *i* electric vehicle

MINICAB-MiEV

Mini-truck EV

Mitsubishi Concept PX-MiEV II
Equipped with the Mitsubishi Plug-in Hybrid System

▶Introducing plug-in hybrid vehicles

Extending the electric vehicle technologies that we cultivated during development of the *i-MiEV* and *MINICAB-MiEV*, we intend to introduce a plug-in hybrid EV system for the *Outlander*. We plan to aggressively roll out PHEVs that deliver the environmental performance and quietness inherent to an electric vehicle in an SUV package that provides more comfortable motoring and allows for higher utility.

The model will have a high-capacity battery, enabling it to travel more than 55km on battery power alone, so it can operate entirely as an electric vehicle for most everyday purposes. We have also designed a "battery charge mode," in which the engine generates electricity to top up the battery whether the vehicle is in motion or stopped. Using the electrical outlets provided, the vehicle's battery can also be used to power home electronics when outdoors or serve as an emergency power source.

By employing a twin-motor 4WD system with motors fore and aft, the vehicle delivers the excellent response typical of an electric motor to generate high starting torque with acceleration comparable to that of a V6 3.0L gasoline engine. Electronic controls carefully allocate motive force, and integrated braking control is used to control yaw, resulting in safe travel even on slick road surfaces. As a result, the model delivers excellent performance on both the environmental and driving fronts.

Target Performance

EV cruising range	more than 55km
Combined cruising range	more than 880km
Fuel efficiency*	more than 61km/L

* Representative fuel efficiency figure based on a combination of the vehicle's fuel efficiency when driven in all-electric mode, called the plug-in fuel efficiency, and when driven in hybrid mode, called the hybrid fuel efficiency.

By introducing new models in fiscal 2012, we aim to increase sales volume and net sales.

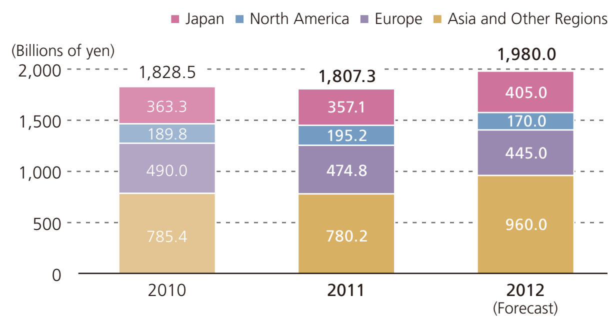
Spurred by sales in overseas markets, notably in the ASEAN region, the Company's sales volume (retail) in fiscal 2011 amounted to 1,001,000 units, up 14,000 vehicles, or 1%, from the preceding fiscal year. Conversely, wholesale volume declined 26,000 units, or 2% year on year, to 1,072,000 units, as shipments to Europe declined on the back of growing credit uncertainty. Owing to the decline in wholesale volume and the impact of yen appreciation, net sales slipped ¥21.2 billion, or 1%, to ¥1,807.3 billion.

In fiscal 2012, we expect unit sales to decline in North America, as a result of our decision to cease local production of D-segment vehicles. However, we expect unit sales to increase in Japan, Europe and Asia and other regions, owing to the global rollout of the all-new *Mirage* and the next-generation *Outlander*. Consequently, for fiscal 2012 we expect sales volume to rise 89,000 units, or 9%, from the fiscal 2011 level, to 1,090,000 vehicles. We anticipate net sales of ¥1,980 billion.

Net Sales

(Billions of yen)

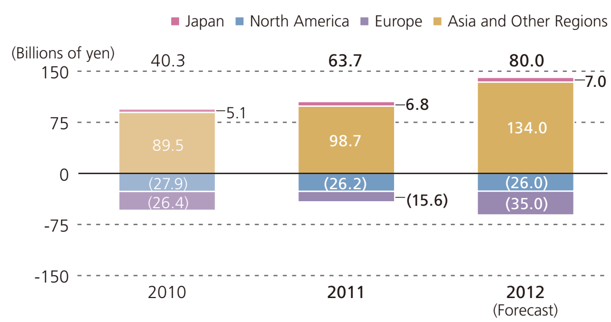
	FY2010	FY2011	FY2012 (Forecast)
Japan	363.3	357.1	405.0
North America	189.8	195.2	170.0
Europe	490.0	474.8	445.0
Asia and Other Regions	785.4	780.2	960.0
Total	1,828.5	1,807.3	1,980.0



Operating Income (Loss)

(Billions of yen)

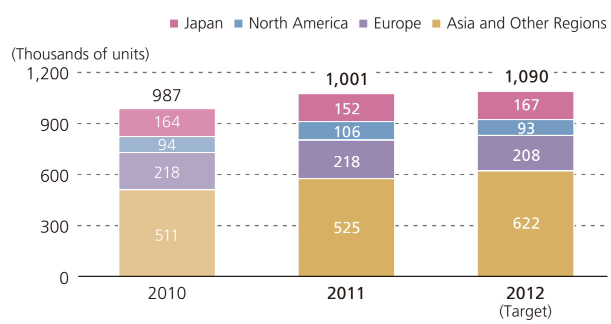
	FY2010	FY2011	FY2012 (Forecast)
Japan	5.1	6.8	7.0
North America	(27.9)	(26.2)	(26.0)
Europe	(26.4)	(15.6)	(35.0)
Asia and Other Regions	89.5	98.7	134.0
Total	40.3	63.7	80.0



Sales Volume (Retail)

(Thousands of units)

	FY2010	FY2011	FY2012 (Target)
Japan	164	152	167
North America	94	106	93
Europe	218	218	208
Asia and Other Regions	511	525	622
Total	987	1,001	1,090



Japan

We are working to augment sales by introducing new vehicles, such as the all-new *Mirage* and the next-generation *Outlander*.

Seiichi Ohta
Managing Director, Head Officer of the Headquarters, Domestic Sales Group Headquarters

Performance in fiscal 2011

During the first half of fiscal 2011, registered vehicle sales volume in Japan was down 21% year on year. Thanks to the re-introduction of eco-car incentives in the second half, however, sales volume was up for the fiscal year as a whole. Sales of minicars declined year on year, partly because few vehicles in this category are subject to eco-car subsidies. Accordingly, total sales volume for registered vehicles and minicars came to 152,000 units, down 12,000 units, or 7%.

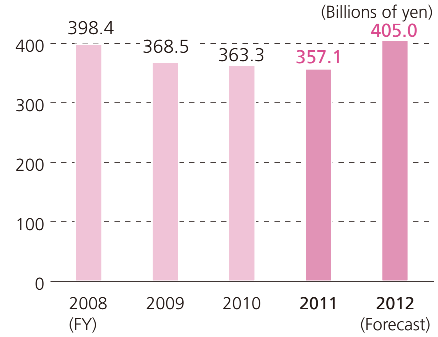
Net sales fell ¥6.2 billion year on year, or 2%, to ¥357.1 billion. Meanwhile, operating income rose ¥1.7 billion, to ¥6.8 billion, owing to ongoing cost-cutting efforts.

Outlook for fiscal 2012

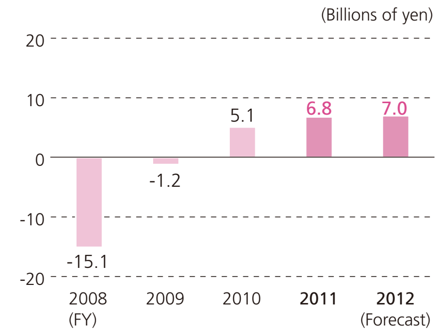
We introduced the all-new *Mirage* in Japan in August 2012, and plan to launch the next-generation *Outlander* in autumn. Furthermore, sales of the high-end *Proudia* sedan and the *Dignity* luxury sedan commenced in July. Other moves in fiscal 2012 will include initiatives to reinforce sales of electric vehicles, such as our new-generation electric vehicle, the *i-MiEV*, and the *MINICAB-MiEV*, a light commercial electric vehicle, further cultivating a brand image that equates Mitsubishi with electric vehicles.

Due to the introduction of new models, in fiscal 2012 we forecast a sales volume in Japan of 167,000 units, up 15,000 from fiscal 2011. We are targeting net sales of ¥405.0 billion, up ¥47.9 billion year on year, and operating income of ¥7.0 billion, an increase of ¥0.2 billion.

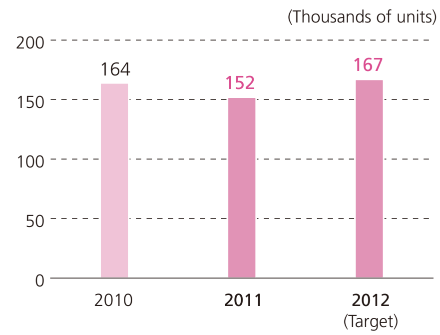
Net Sales



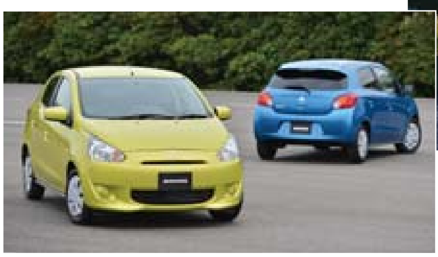
Operating Income (Loss)



Sales Volume (Retail)



Outlander



Mirage

North America

In addition to introducing the all-new *Mirage*, we plan to expand our operations by commencing local production of the *Outlander Sport*.

Fumio Kuwayama
Executive Officer, Head Officer of the Headquarters, Overseas Operations Group Headquarters B

Performance in fiscal 2011

Sales of our compact SUV, the *Outlander Sport* (*RVR* in Japan), were robust in the United States, rising 21% year on year. This performance lifted total sales volume for North America 12,000 units during fiscal 2011, or 13%, to 106,000 units. In November 2011, we augmented our *i-MiEV* lineup with a roomier, left-hand drive model for the North American market.

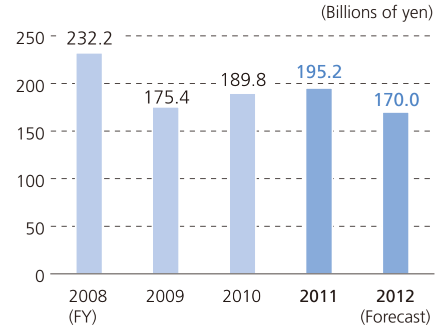
Led by the rise in sales volume, net sales in North America increased ¥5.4 billion, or 3% year on year, to ¥195.2 billion. The operating loss improved, owing to the increase in sales volume. However, the impact of yen appreciation limited this improvement to ¥1.7 billion, and the operating loss came to ¥26.2 billion.

Outlook for fiscal 2012

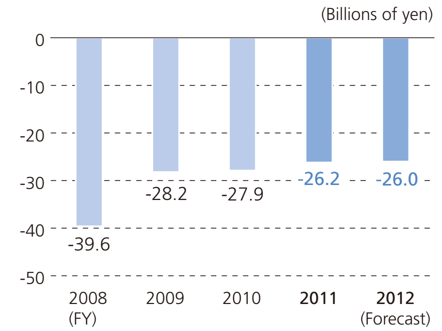
We began local production in North America of the *Outlander Sport* in July 2012, and intend to expand sales through exports to Central and South America and Russia. Furthermore, we plan to launch the all-new *Mirage* in this market in 2013.

Owing the cessation of local production of the *Eclipse*, *Endeavor* and *Galant*, in fiscal 2012 we expect sales volume in North America to fall 13,000 units, or 12% from fiscal 2011 levels, to 93,000 units. Because of this decrease, combined with the negative effects of yen appreciation, in fiscal 2012 we forecast a ¥25.2 billion, or 13%, decline in regional net sales, to ¥170.0 billion. We expect the operating loss to improve ¥0.2 billion, to ¥26.0 billion.

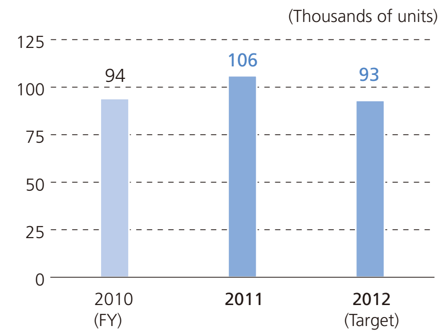
Net Sales



Operating Income (Loss)



Sales Volume (Retail)



Outlander Sport

North American *i* electric vehicle

Europe

Although market conditions remain opaque, we intend to bolster sales volume by introducing the all-new *Mirage* and the next-generation *Outlander*.

Hiroshi Harunari Executive Vice President (Representative Director), Head Officer of the Headquarters, Overseas Operations Group Headquarters A, In Charge of Overseas Operations Group Headquarters B, In Charge of Global After Sales Group Headquarters

Performance in fiscal 2011

In Europe, increasingly severe credit uncertainty caused demand to decelerate during the year. This factor, coupled with ongoing yen appreciation, led to a 10% decline in sales volume in Western Europe and a 19% drop in Central Europe. In Russia, however, where market recovery continues, sales of the *Outlander* continued to expand, surging 17,000 units, or 31% year on year, to 73,000 units. As a result, sales volume for Europe as a whole remained essentially unchanged during the year, at 218,000 units.

We expect net sales in the region to fall ¥15.2 billion, or 3%, in fiscal 2012, to ¥474.8 billion. Boosted by higher sales volume in Russia, we forecast a ¥10.8 billion improvement in the operating loss, to ¥15.6 billion.

Outlook for fiscal 2012

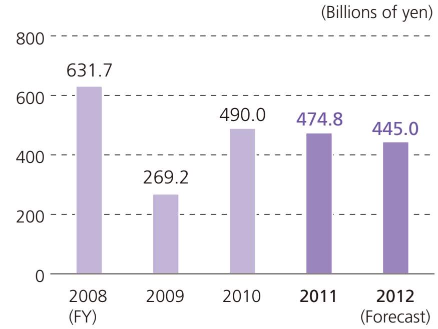
In August 2012, we introduced the next-generation *Outlander*, and within fiscal 2012 we also plan to launch sales of the all-new *Mirage* (name in Japan). Furthermore, we will continue efforts to keep expanding sales of existing models. Although market conditions are problematic, we will concentrate on promoting the *i-MiEV* and other models that have low CO_2 emissions and are thus well suited to Europe, where environmental awareness is high.

Owing to the protracted European debt crisis, we forecast a drop in total demand. Accordingly, we expect sales volume to decline 10,000 units, or 5% from fiscal 2011, to 208,000 units. Furthermore, we forecast that net sales in the region will drop ¥29.8 billion, or 6%, to ¥445.0 billion. As a result of the lower sales volume and the impact of yen appreciation, we expect the operating loss to worsen ¥19.4 billion, to ¥35.0 billion.

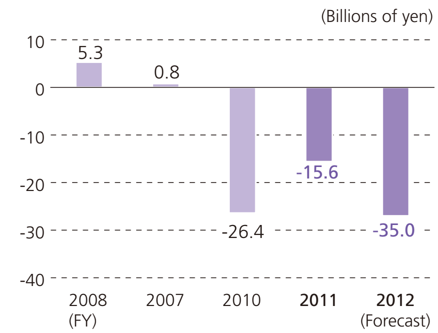
Outlander

Mirage

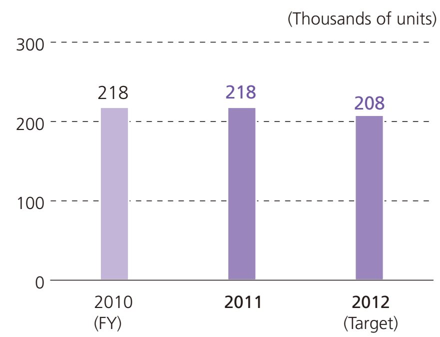
Net Sales



Operating Income (Loss)



Sales Volume (Retail)



Asia and Other Regions

By moving steadily forward with measures based on "ASEAN Challenge 12," we will work to expand our operations in the ASEAN market and turn it into a pillar of profits.

Fumio Kuwayama
Executive Officer,
Head Officer of the Headquarters,
Overseas Operations Group
Headquarters B

Hiroshi Harunari
Executive Vice President (Representative Director), Head Officer of the Headquarters, Overseas Operations Group Headquarters A,
In Charge of Overseas Operations Group Headquarters B,
In Charge of Global After Sales Group Headquarters

Performance in fiscal 2011

Sales volume in China decreased 4% during the year, to 63,000 units, owing to the impact of financial tightening and yen appreciation, prompting a 3% drop in sales volume in North Asia. Meanwhile, in Thailand sales volume surged 55%, to 74,000 units, buoyed by robust reception to our *Triton* pickup truck and the *Pajero Sport*, a mid-sized SUV. In Indonesia, sales volume rose 24%, to 73,000 units, boosting performance for the ASEAN region 24%. Sales volume fell 2% in Australia and New Zealand, due to a dip in total demand in Australia as well as to increasingly severe selling competition. Sales volume in Central and South America was up 10%, helped by a 21% rise in Brazil, the region's largest market. In the Middle East and Africa, however, sales volume dropped 30% year on year, owing to political unrest in some countries in the region and as demand for Japanese vehicles decreased due to yen appreciation. Owing to these factors, total sales volume in Asia and Other Regions was up 14,000 units year on year, or 3%, to 525,000 units, bolstered by performance in Thailand, Indonesia and other countries in the ASEAN region, as well as in Central and South America.

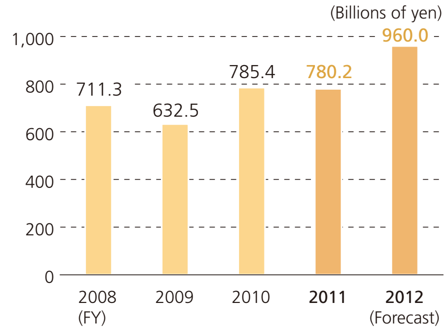
Net sales slipped ¥5.2 billion, or 1% year on year, to ¥780.2 billion, but operating income increased ¥9.2 billion, to ¥98.7 billion. This rise was a result of improvements in our product mix and ongoing efforts to reduce costs.

Outlook for fiscal 2012

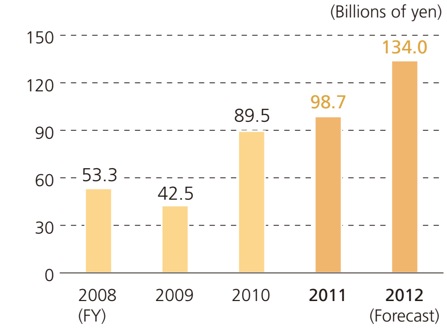
In fiscal 2012, we expect to benefit from the start of production of the all-new *Mirage* at our third factory in Thailand, and this model's global rollout, as well as heightened production capacity for the mainstay *Triton* at our first and second factories in the country. We will also commence local production of the *Outlander Sport*, a compact SUV, in Indonesia. Through the introduction of these measures in the ASEAN region, which are in line with "ASEAN Challenge 12," we intend to make steady progress on expanding our business in this area.

In sales volume, we expect the ASEAN region to continue delivering favorable results, and look forward to an uptick in Brazil. Therefore, we forecast an increase of 97,000 units, or 18%, to 622,000 units. In line with the higher sales volume, we forecast a rise in net sales of ¥179.8 billion, or 23%, to ¥960.0 billion. Although R&D and indirect labor expenditures and other expenses are likely to increase as we invest toward future growth, we believe operating income will rise ¥35.3 billion, or 36%, to ¥134.0 billion, as a result of higher sales volume and improvements in our product mix.

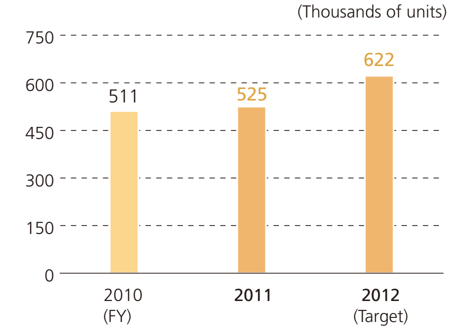
Net Sales



Operating Income



Sales Volume (Retail)



Corporate Governance

Corporate governance framework

MMC employs the Statutory Auditor System pursuant to the Companies Act of Japan. In addition to mandatory organizations and governance systems, MMC is further improving its corporate governance by adding an executive officer system and the Business Ethics Committee as a Board of Directors advisory committee.

MMC's Board of Directors is responsible for making decisions concerning important management issues and overseeing execution. In addition, the executive officer system clarifies the roles and responsibilities of directors and executive officers. Managing Directors' Meetings composed of directors, executive officers, and statutory auditors make speedy decisions in bi-weekly meetings.

Status of internal audits and statutory audits

The statutory auditors carry out statutory audits of the MMC Group by attending important Company meetings, such as Board of Directors meetings, and receiving reports on the status of business activities from directors and other corporate officers. Also, key internal documents and internal audit reports from internal audit divisions, subsidiaries and accounting auditors are reviewed.

In addition to the statutory auditors, within the CSR Promotion Office—which promotes corporate culture reform and thorough business ethics—MMC has established the Quality Audit Department and the Internal Audit Department. Both are independent from operating units and conduct internal audits from an objective perspective.

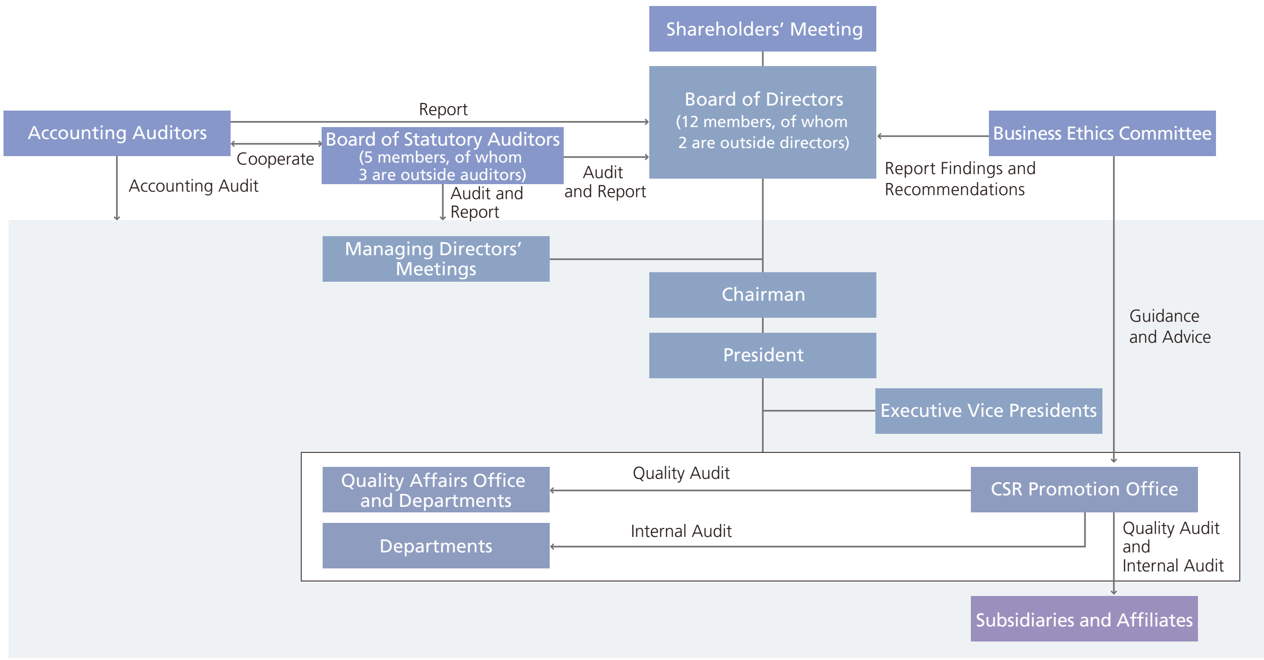
The Quality Audit Department monitors the appropriate functioning of quality assurance checks by the Quality Affairs Office and conducts individual audits to confirm that MMC's domestic and overseas affiliates are conducting quality-related activities appropriately. The department conducted a total of 95 audits in fiscal 2011. The audit results are successively reported to top management and to the Business Ethics Committee twice a year. This information is also shared among the statutory auditors, who work together to address any issues.

The Internal Audit Department, meanwhile, conducts planned internal audits to ensure appropriate operations management at MMC and at domestic and overseas affiliated companies. These audits include verifying the appropriateness and effectiveness of internal management systems, including compliance and risk management, and audit results are reported to management at MMC and affiliated companies. The department also proposes business improvements and monitors the status of their implementation. The department has created internal audit departments at key overseas subsidiaries and CSR departments at subsidiaries in Japan, and is working to enhance groupwide governance in Japan and overseas, and introducing proactive initiatives to reinforce internal controls.

Guidance from advisory committees

The Business Ethics Committee is an advisory body to the Board of Directors made up of six outside experts. The committee works to spread an awareness of compliance, and it provides MMC directors with guidance and advice from an objective perspective (See page 24).

Corporate Governance Framework (As of June 30, 2012)



Management (As of July 1, 2012)

Members of the Board

Takashi Nishioka*
Chairman of the Board

Osamu Masuko*
President

Hiizu Ichikawa*
Executive Vice President
Corporate Planning & Finance

Hiroshi Harunari*
Executive Vice President
Head Officer of the Headquarters
Overseas Operations Group
Headquarters A
In Charge of Overseas Operations
Group Headquarters B
In Charge of Global After Sales
Group Headquarters

Gayu Uesugi*
Executive Vice President
Head Officer of the Headquarters
Product Projects & Strategy Group
Headquarters
In Charge of Procurement

Tetsuro Aikawa
Managing Director
Head Officer of the Headquarters
Production Group Headquarters

Shuichi Aoto
Managing Director
Chief Business Ethics Officer
Head Officer of the Headquarters
CSR, Corporate Affairs, Controlling &
Accounting Group Headquarters

Seiichi Ohta
Managing Director
Head Officer of the Headquarters
Domestic Sales Group Headquarters

Ryugo Nakao
Director
Head Officer of the Headquarters
Development Group Headquarters

Takitaro Fukuda
Director
Head Officer of the Headquarters
Quality Affairs Group Headquarters

Mikio Sasaki
Director
(Non-Executive Director)

Hidetoshi Yajima
Director
(Non-Executive Director)

* Representative Director

Statutory Auditors

Shuzo Muramoto
Statutory Auditor (Full-time)

Hideo Kimura
Statutory Auditor (Full-time)

Shigemitsu Miki
Statutory Auditor
(Outside Statutory Auditor)

Yukio Okamoto
Statutory Auditor
(Outside Statutory Auditor)

Tatsuhiko Nojima
Statutory Auditor
(Outside Statutory Auditor)

Senior Executive Officers

Yoshihiro Kuroi
Senior Executive Officer
Corporate General Manager of Corporate Planning Office
General Manager of Group Logistics Optimization Office

Yutaka Tabata
Senior Executive Officer
Corporate General Manager of Finance Office
General Manager of Financial Planning Department

Masao Omichi
Senior Executive Officer
Chief Environmental Strategy Officer
Corporate General Manager of CSR Promotion Office
Assistant to President

Hiroshi Noda
Senior Executive Officer
Corporate General Manager of Controlling & Accounting Office

Yoshikazu Nakamura
Senior Executive Officer
Corporate General Manager of Domestic Sales Office

Toshihiko Hattori
Senior Executive Officer
Head Officer of the Headquarters
Global After Sales Group Headquarters

Shinichi Kurihara
Senior Executive Officer
COO-NMKV Co., Ltd.

Nobuyuki Murahashi
Senior Executive Officer
President-Mitsubishi Motors (Thailand) Co., Ltd.

Takeshi Ando
Senior Executive Officer
Vice President-Mitsubishi Motors (Thailand) Co., Ltd.

Executive Officers

Tomoharu Ikeda
Executive Officer
Corporate General Manager of Corporate Affairs Office

Ryuichi Hasuo
Executive Officer
Corporate General Manager of EV Business Office

Tetsuya Tamechika
Executive Officer
Corporate General Manager of Product Strategy Office

Takashi Sato
Executive Officer
Corporate General Manager of Global Small Project Office

Kanenori Okamoto
Executive Officer
Product Executive (C&D-Seg)

Jo Tsuji
Executive Officer
Head Officer of the Headquarters
Procurement Group Headquarters

Hideo Yokoi
Executive Officer
Plant General Manager of Mizushima Plant

Michiro Imai
Executive Officer
Corporate General Manager of North Asia Office

Daisuke Tatsumi
Executive Officer
North Asia Office
China Production Project Team Leader

Fumio Kuwayama
Executive Officer
Head Officer of the Headquarters
Overseas Operations Group Headquarters B

Akinori Nakanishi
Executive Officer
Corporate General Manager of North America Office

Masahiko Ueki
Executive Officer
Corporate General Manager of Asia & ASEAN Office
General Manager of Asia & ASEAN A Department

Yoichi Yokozawa
Executive Officer
President & CEO-Mitsubishi Motors North America Inc.

Tetsuro Miki
Executive Officer
Chairman of the Board & CEO-Netherlands Car B.V.

Internal Control Systems and Risk Management

By creating a companywide internal control system and risk management structure, and through employee education systems, we are working to ensure compliance with relevant laws and regulations, as well as appropriate and stable operations management.

Hiizu Ichikawa
Executive Vice President (Representative Director), Corporate Planning & Finance

Development of internal control systems

Based on the Basic Policy on the Establishment of Internal Control Systems as passed by resolution of the Board of Directors, MMC is continually working to ensure compliance with laws and regulations and to promote proper, effective business execution in line with changes in the domestic and overseas environments. In particular, to ensure the reliability of financial reporting pursuant to the Financial Instruments and Exchange Act MMC is implementing companywide measures under the leadership of the Internal Control Promotion Committee.

Data security management

The protection of data assets (information as well as information systems, machines, media and equipment used to handle that information) is vital to fulfilling MMC's social responsibility and earning the trust of stakeholders. MMC implements physical, technological, personnel and organizational measures to improve data security management based on its information security policy and internal rules that conform to ISO 27001.

Protection of personal information

Based on its Personal Information Protection Policy, MMC is building a management framework to establish internal rules regarding protection of personal information. MMC has also assigned a person to manage personal information management at each operational headquarters and department under the direction of the Personal Information Officer. MMC educates staff on the subject through ongoing e-learning seminars and other programs, and strives to safeguard personal information.

Security trade control

From the viewpoint of maintaining international peace and security, MMC sincerely believes in the importance of strict trade controls to prevent the proliferation of weapons of mass destruction and the excessive accumulation of conventional weapons. To ensure appropriate trade controls, MMC has established an Internal Security Trade Control Standard as a management regulation. In accordance with the standard and to ensure compliance with laws and regulations regarding security trade controls the Supervisory Committee for Security Trade Control was established under the direction of the president, who acts as Chief Security Trade Control Officer. The legality of export transactions is guaranteed by a management system centered on the committee.

Development of risk management framework

MMC is establishing infrastructure for companywide risk management systems. MMC has appointed risk management officers to each operational headquarters and office, and these risk management officers rigorously strengthen risk countermeasures by conducting repeated cycles of risk identification, evaluation, and devising and implementing countermeasures, and monitoring in each unit. These officers conduct risk management cycles at each unit every fiscal year. Centered on the Corporate Planning Office, the officers endeavor to strengthen the Company's introduction framework from a management perspective. Risk management officers identify risks that require a priority response, reinforcing the risk management framework by engaging with related departments to prevent these risks from materializing, and reporting them to senior management.

Disaster countermeasures and BCP initiatives

MMC's basic policy in times of disaster—defined as occurrences that have a major impact on operations, such as earthquake or other natural disaster or an outbreak of infectious disease—is to ensure the safety of employees and their families, as well as customers, and assist local communities. We are preparing disaster countermeasures and business continuity plans (BCPs) to this end. Our BCPs hypothesize an earthquake in the Tokai region, an earthquake directly below the Tokyo metropolitan area or an outbreak of a new type of influenza or other infectious disease, and outline responses in disaster countermeasures manuals that take into account specific scenarios for each region. In the event of disaster, the Corporate Affairs Office is in charge of initial response, while the Corporate Planning Office addresses issues related to business continuity. While making a division among the responsibilities of organizations in charge of disaster countermeasures, this arrangement encourages information sharing and promotes response.

Having learned from the experiences of the Great East Japan Earthquake and the flooding in Thailand, the Company conducts earthquake and other response simulations. We also conduct decision-making and communication drills that emulate emergency situations and raise awareness through briefing sessions and other measures. We reflect improvements identified through these drills into our disaster countermeasures and BCPs to reinforce our system for responding swiftly in times of disaster. Recognizing that the Mitsubishi Motors Group runs the risk of supply chain interruption caused by natural disasters in many parts of the world, we maintain close communications with our business partners as part of our efforts to ensure supply chain integrity.

Compliance

> To restore society's trust and be recognized as an enterprise with integrity, MMC believes it is essential to ensure that all staff members thoroughly comply with business ethics.
>
> Shuichi Aoto
> Managing Director, Chief Business Ethics Officer, Head Officer of the Headquarters, CSR Corporate Affairs, Controlling & Accounting Group Headquarters

Framework for the promotion of business ethics

In June 2004, MMC established the CSR Promotion Office to ensure thorough compliance and promote a new corporate culture, while restructuring the compliance framework (see chart below). MMC has strengthened the organization to ensure that awareness of compliance spreads to each and every employee by placing managers in charge of reinforcing compliance awareness at multiple levels. As the chart below shows, the chief business ethics officer (CBEO) directs compliance officers at the operating headquarters level, who then direct "code leaders" at the departmental level, who are charged with increasing compliance awareness directly to employees.

To create a highly transparent workplace environment that is not conducive to scandals and promotes their early detection as well as self-correction, MMC has established internal disclosure systems such as an internal Employee Counseling Office and an External Counseling Office, established with the help of outside attorneys.

Safety Pledge Days

To prevent past incidents such as the regrettable recall problems from being forgotten over time, January 10 and October 19 have been designated "Safety Pledge Days," since two fatal accidents occurred on those days involving large trucks manufactured by Mitsubishi Fuso, a former MMC subsidiary. All employees observe a moment of silence on these days, and company ethics discussion meetings, even at the lowest levels, are held around those times to identify corporate ethics issues and deliberate ways of resolving them.

Promoting business ethics

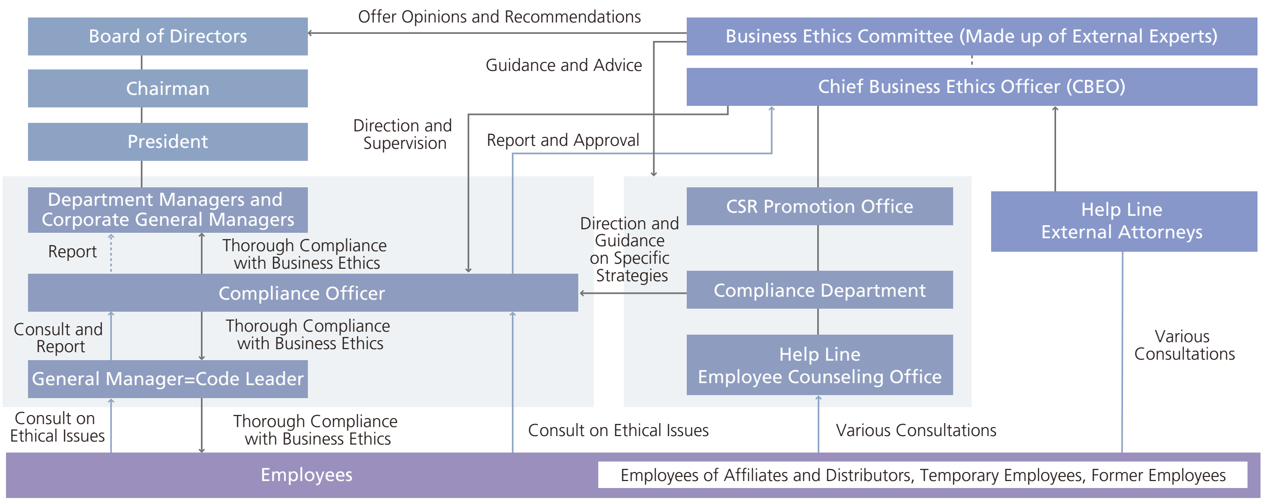
IIn fiscal 2011, MMC held compliance training sessions, involving outside instructors as part of a training program for directors and code leaders. The program also featured training sessions for MMC Group companies in Japan (including exclusive dealers) and included group sessions themed on case studies and response to new legislation, among others.

The Business Ethics Committee

The Mitsubishi Motors Business Ethics Committee was established in June 2004 as an advisory body to the Board of Directors of MMC. The aims of this committee, which is made up solely of external experts, are to conduct monitoring, guidance and consultation from the viewpoint of external oversight and common sense with respect to MMC's overall activities to restore trust, especially in terms of compliance. The scope of the committee's activity is not limited to business ethics, but also includes matters broadly related to quality problems and corporate culture.

The committee met 12 times during fiscal 2011 and conducted briefings on 22 issues, including the business ethics compliance promotion program and quality control activities. The committee's views, guidance and advice were sought on these issues.

Organizational Framework for Promoting Business Ethics



Responsibility to Society

As a good corporate citizen, Mitsubishi Motors aims to contribute to the development of a sound and sustainable society.

Masao Omichi
Senior Executive Officer, Chief Environmental Strategy Officer,
Corporate General Manager of CSR Promotion Office and Assistant to President

MMC is tackling four key themes with respect to corporate citizenship activities: support for the next generation, traffic safety, environmental preservation, and participation in local communities. These are being promoted as MMC's "STEP" corporate citizenship activities based on our corporate philosophy.

1. Support for the next generation	Supporting the education of the next generation to create a prosperous future.
2. Traffic safety	Contributing to traffic safety education and the promotion of safe driving to create a zero-accident society.
3. Environmental preservation	Contributing to preservation of our precious global environment.
4. Participation in local communities	Contributing to the revitalization and development of regional communities.

Main activities

1. Support for the Next Generation

● Automobile Information Service for Children

This service provides a toll-free phone number for elementary school students to use to ask questions about cars, and also answers children's questions using a special e-mail contact point. On our home page, we provide video footage that offers virtual tours of our plants, and we have a website specifically for children called Children's Car Museum that helps kids enjoy learning how electric vehicles are arranged.

● Hands-on Lesson Program

The Hands-on Lesson Program is based on the concept of enabling children to enjoy learning by experiencing the "real thing." MMC employees visit children mainly at elementary schools close to MMC places of operation to give hands-on lessons on topics such as the environment centered on test rides in the *i-MiEV* electric vehicle, and car design, with guidance from designers and modelers. In fiscal 2011, we conducted 62 classes for 4,554 children, bringing the cumulative number of participants to some 17,500.

● Company Learning Visits

MMC hosts visits by junior high school students during field trips or integrated study time to help them learn about the Company. In fiscal 2011, 50 students from five schools visited our headquarters in Tokyo. They discussed product planning, design, the environment, electric vehicles and other topics directly with MMC employees doing actual work in those areas.

2. Traffic Safety

● Car School

MMC has been running the Car School program as part of its safe driving educational activities. Participants overcome their anxieties and concerns and learn and enjoy driving together with instructors in the course of studying driving techniques, automobiles, safety and other topics.

3. Environmental Preservation

● The Pajero Forest

MMC has named an approximately three-hectare area of mountain forest in Hayakawa-cho, Yamanashi Prefecture as "Pajero Forest," and has been working to preserve and cultivate the forest. Employees and their families participate through volunteer activities, helping to cut away undergrowth and thin wooded regions. They also interacted with members of the local community through such activities as building birdhouses for wild birds and making soba noodles.

4. Participation in Local Communities

● Factory Tours

The Nagoya Plant, Powertrain Plant (Kyoto Plant, Shiga Plant), Mizushima Plant and Pajero Manufacturing Co., Ltd., have opened up their production lines and other facilities to local elementary schools and residents as a place for social study. In fiscal 2011, some 43,000 students visited these facilities.

5. Others

● Mitsubishi Motors STEP Donation Program

Employees of the Mitsubishi Motors Group can choose to donate a fixed amount to the fund from their monthly paycheck and bonuses. The money raised is used to support corporate citizenship activities on a continuous basis, including for reconstruction following the Great East Japan Earthquake.

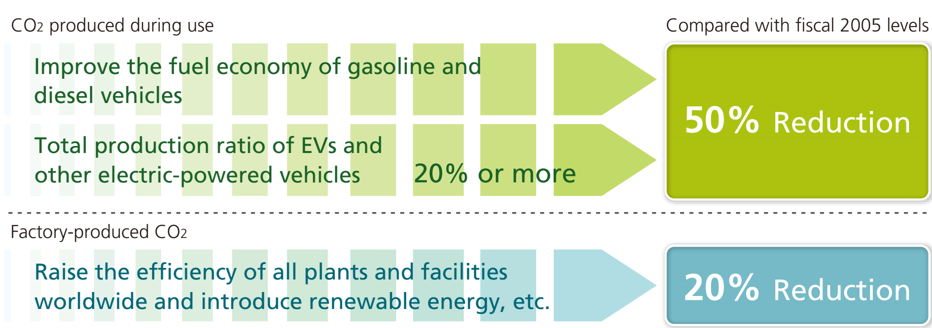
Leading the EV Era, Towards a Sustainable Future

Achieving the goals of the Mitsubishi Motors Group Environmental Vision 2020

MMC formulated the Mitsubishi Motors Group Environmental Vision 2020 in June 2009. MMC has encapsulated its vision for electric vehicles in its environmental policy of "Leading the EV Era, Towards a Sustainable Future." On this basis, MMC aims to work with its customers and communities to cultivate a clean and prosperous low-carbon society. Furthermore, by 2020 MMC aims to achieve a 20% or higher total production ratio of EVs. Through efforts such as these, MMC aims to reduce on-road CO_2 emissions of new vehicles on a global weighted average by 50% compared with fiscal 2005 levels. MMC also intends to reduce CO_2 emissions per vehicle by 20% or more, compared with fiscal 2005 levels.

As part its steady efforts toward these goals, MMC formulated the Mitsubishi Motors Environment Initiative Program 2015, which commences in fiscal 2011. As an interim goal to be achieved by 2015, this program targets a total production ratio of EVs of 5% or more, and as a result of this increase in EV production among other measures, MMC aims to achieve a 25% reduction in on-road CO_2 emissions in comparison with fiscal 2005 levels. In addition, MMC aims to reduce CO_2 emissions as a result of production on a per-vehicle basis by 15% compared to fiscal 2005 levels.

CO_2 Emissions Reduction Targets in the Mitsubishi Motors Group Environmental Vision 2020



Smart Grid Using Electric Vehicles "M-tech Labo" Demonstration System

Working together with Mitsubishi Corporation and Mitsubishi Electric Corporation, in April 2012 we completed construction on the "M-tech Labo" smart grid demonstration system at our Nagoya Plant–Okazaki and commenced operation. The system consists of a 20kW photovoltaic system, five electrically dischargeable electric vehicles and used 80kWh rechargeable batteries collected from electric vehicles.

Financial Section

Contents

Consolidated Financial Summary

	In millions of yen					In thousands of U.S. dollars
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
For the year:						
Net sales	¥2,682,103	¥1,973,572	¥1,445,616	¥1,828,497	¥1,807,293	$21,989,214
Operating income	108,596	3,926	13,920	40,274	63,674	774,728
Income (loss) before income taxes and minority interests	48,151	(53,717)	11,591	30,422	41,618	506,369
Net income (loss)	34,710	(54,883)	4,758	15,621	23,928	291,137

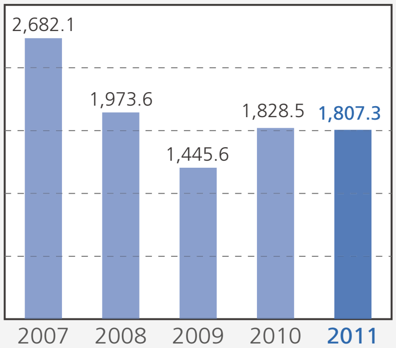
	In yen					In U.S. dollars
Per share data:						
Net income (loss) per share—basic	¥6.30	¥(9.91)	¥0.86	¥2.82	¥4.32	$0.05
Net income per share—diluted	3.81	—	0.51	1.66	2.40	0.03
Cash dividends	—	—	—	—	—	—

	In millions of yen					In thousands of U.S. dollars
At year-end:						
Total assets	¥1,609,408	¥1,138,009	¥1,258,669	¥1,312,511	¥1,321,306	$16,076,245
Total net assets	328,132	223,024	234,478	248,092	265,620	3,321,785

Note: U.S. dollar amounts in the accompanying consolidated financial statements are converted, solely for convenience, at a rate of ¥82.19 = U.S.$1.00, the exchange rate prevailing on March 31, 2012.

Net Sales

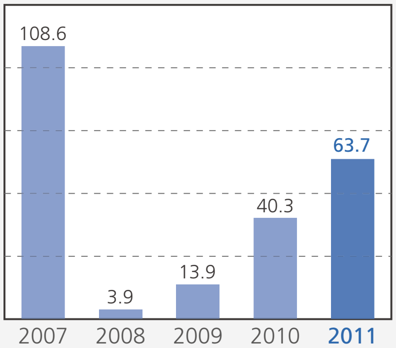
(Billions of yen)



(FY)

Operating Income

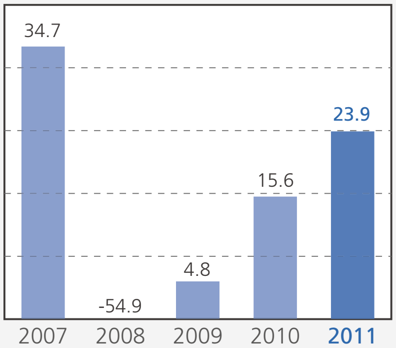
(Billions of yen)



(FY)

Net Income (Loss)

(Billions of yen)



(FY)

Financial Results and Discussion

Operational Review

During fiscal 2011, ended March 31, 2012, the business environment surrounding the automobile industry remained extremely problematic. Although we were able to restore our production momentum more quickly than initially expected after the sharp falloff following the Great East Japan Earthquake and nuclear accident, production activities were again disrupted by major flooding in Thailand. In addition, in Japan we faced historically high rates of ongoing yen appreciation, as well as electricity shortages. Overseas, the Greek debt crisis ballooned into a European crisis, affecting international financial markets and causing business confidence to deteriorate sharply.

Fiscal 2011 was the first year for "Jump 2013," the Mitsubishi Motors Group's mid-term business plan, but by the time of implementation the operating environment had worsened compared with conditions at the time the plan was formulated. Nevertheless, the Group strengthened its resolve to reach unchanged performance targets. Aiming to realize the objective of "Growth and Leap Forward," the basic policy of "Jump 2013," we worked earnestly on our emerging market and environmental initiatives and strove to raise profitability.

Results of Operations

During the year, sales volume (retail) rose 14,000 vehicles, or 1% year on year, to 1,001,000 units.

By geographic region, the sales volume in Japan amounted to 152,000 vehicles, down 12,000 units, or 7%. Although sales of registered vehicles was up, stimulated by the reintroduction of eco-car incentives, minicar sales fell. In North America, the sales volume rose 12,000 units, or 13%, to 106,000 units. This increase stemmed from higher sales in the United States, due to favorable response in North America to the *Outlander Sport* (*RVR* in Japan). Sales volume in Europe was essentially unchanged year on year, at 218,000 vehicles. Although sales were down in Western Europe due to decelerating demand, sales growth in Russia was robust, owing to the ongoing recovery of this market. In Asia and Other Regions, overall sales volume rose 14,000 vehicles, or 3%, to 525,000 units. These results reflected strong performance in Thailand, Indonesia and other countries in the ASEAN region, as well as in Central and South America, including Brazil.

Net Sales and Income

Net sales fell ¥21.2 billion, or 1% during the year, to ¥1,807.3 billion, as a consequence of lower wholesale volume and the impact of yen appreciation. Although yen appreciation also had a negative effect on operating income, improvements in the product mix and efforts to hold down raw materials and other costs led to an increase of ¥23.4 billion, or 58%, to ¥63.7 billion. Income before income taxes and minority interests grew ¥11.2 billion, or 37%, to ¥41.6 billion, and net income expanded ¥8.3 billion, or 53%, to ¥23.9 billion.

Business Segment Information

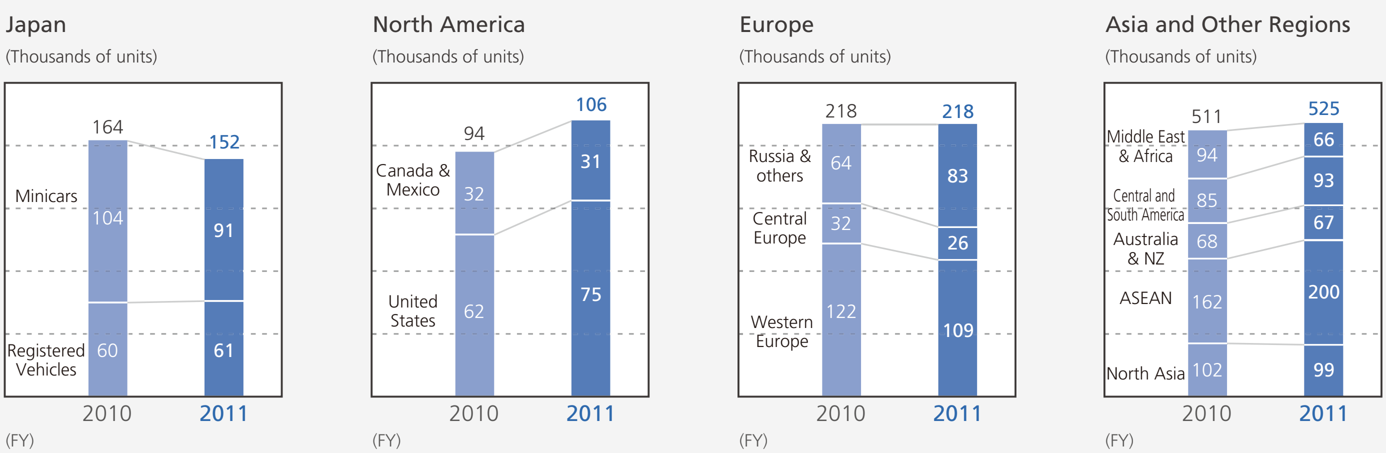
● Automobiles

Sales in the automotive business sector came to ¥1,797.0 billion, a decrease of ¥20.9 billion, or 1%. Segment income rose ¥22.5 billion, to ¥60.3 billion.

● Financial Services

Sales in the financial services sector amounted to ¥10.4 billion, down ¥0.4 billion, or 4%, year on year. Segment income, however, increased ¥0.8 billion, to ¥3.5 billion.

FY2011 Regional Sales Volume (Retail)



Geographical Segment Information

• Japan

In Japan, sales fell ¥42.1 billion, or 3%, to ¥1,515.2 billion, owing to a lower export volume and the impact of yen appreciation. Nevertheless, performance rebounded at the operating level, owing to improvements in the product mix and efforts to curtail raw materials and other costs. Consequently, operating income amounted to ¥25.8 billion, a ¥39.1 billion improvement from the operating loss posted in the preceding fiscal year.

• North America

Sales in North America expanded ¥6.7 billion, or 4%, year on year, to ¥188.7 billion, owing to an increase in the sales volume. At the operating level, performance improved ¥4.2 billion, rising from an operating loss in the preceding year to operating income of ¥1.2 billion.

• Europe

Due to a lower sales volume, sales in Europe fell ¥20.0 billion, or 9%, to ¥203.7 billion. Operating income declined ¥10.2 billion, to ¥8.4 billion.

• Asia and Other Regions

In Asia and Other Regions, sales increased ¥31.9 billion, or 5%, to ¥635.3 billion, helped by a higher sales volume and increased SUV sales. However, operating income declined ¥4.7 billion, to ¥37.7 billion, owing to the impact of flooding in Thailand.

Analysis of Financial Position

Analysis of Assets, Liabilities, Net Assets, and Cash Flows

As of March 31, 2012, total assets came to ¥1,321.3 billion, up ¥8.8 billion from one year earlier. Total liabilities were down ¥8.7 billion, to ¥1,055.7 billion, and net assets amounted to ¥265.6 billion, up ¥17.5 billion.

Net cash provided by operating activities was ¥119.4 billion, compared with ¥103.8 billion in the previous fiscal year, mainly due to an increase in working capital.

Net cash used in investing activities was ¥69.1 billion, up from ¥52.6 billion in the previous fiscal year. This expenditure was mainly attributable to capital expenditures.

Net cash used in financing activities was ¥52.6 billion, compared with ¥5.0 billion provided by these activities in fiscal 2010.

The year-end balance of cash and cash equivalents came to ¥311.0 billion, compared with ¥316.5 billion at the end of the previous fiscal year.

Cash Flow Indicators

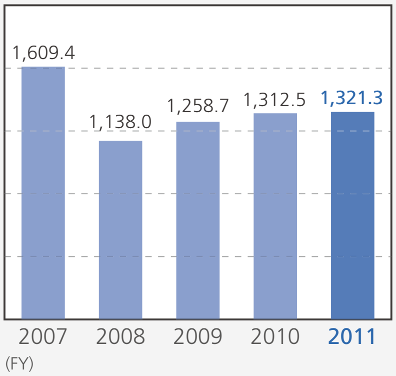
(FY)	2006	2007	2008	2009	2010	2011
Shareholders' equity ratio (%)	16.6	19.7	18.8	17.8	18.2	19.5
Shareholders' equity ratio (fair value basis)	56.8	56.4	60.8	55.9	43.0	39.4
Cash flows/Interest-bearing debt ratio	3.1	1.9	—	3.9	3.8	2.9
Interest coverage ratio	7.8	8.6	—	7.4	7.9	8.5

* The shareholders' equity ratio is shareholders' equity divided by total assets (Minority interests excluded from shareholders' equity from the year ended March 31, 2007).
The shareholders' equity ratio (fair value basis) is market capitalization divided by total assets.
The cash flows/interest-bearing debt ratio is interest-bearing debt divided by cash flow.
The interest coverage ratio is cash flow divided by interest paid.

Notes:
1. Each indicator is calculated from consolidated financial figures.
2. Market capitalization is calculated based on the number of issued shares excluding treasury stock.
3. Cash flow refers to operating cash flow.
4. Interest-bearing debt includes all liabilities recorded on the balance sheet for which interest is paid.

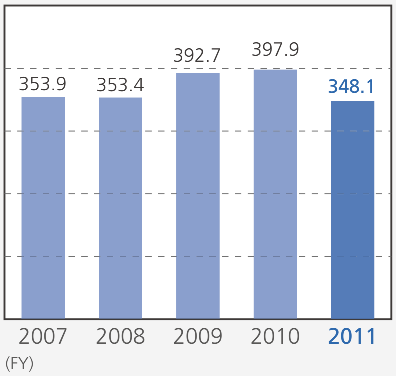
Total Assets

(Billions of yen)



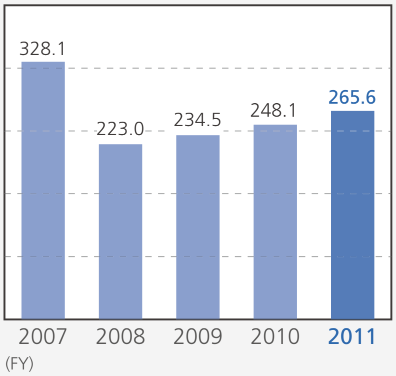
Interest-Bearing Debt

(Billions of yen)



Net Assets

(Billions of yen)



Business-Related Risks

Business-related risks for the MMC Group judged as being of material importance to investors are outlined below.

Natural and other disasters

The MMC Group maintains production and other facilities in many parts of the world. The occurrence of a major natural or other disaster, such as an earthquake or typhoon, accidental fire or the outbreak of contagious disease, may result in lengthy halts in operations or other damage. The Group has in place business continuity plans and disaster countermeasures that anticipate those risks considered the most likely to materialize. However, a disaster on a scale beyond that which is anticipated could have a negative effect on the Group's operating performance.

Issuance of common and preferred shares and effect on share price

In June and July 2004, March 2005, and January 2006 MMC issued several classes of convertible preferred shares. The conversion of all Class B shares, series 1–3 (issued July 2004), has already been completed, but the possible conversion of the remaining Class A & G shares to common shares in the future will dilute the value of existing common shares, and thus possibly influence the market price of common shares.

Effect of foreign exchange rate fluctuations

Overseas sales accounted for approximately 80% of the consolidated sales of MMC for the period. MMC endeavors to minimize the risk involved in foreign currency receivables and payables through foreign currency derivative contracts. However, fluctuations in the foreign exchange markets still may have an impact on MMC results.

Effect of socioeconomic situations

As overseas sales accounted for approximately 80% of consolidated net sales during the fiscal year under review, changes in the socioeconomic situation in Japan or any of the regions in which it operates could affect MMC Group results.

Effect of interest rate fluctuations

As of March 31, 2012, the MMC Group's balance of interest-bearing debt on a consolidated basis amounted to ¥348.1 billion. There is a possibility that fluctuations in interest rates on borrowings resulting from a change in financial market conditions in the future will impact MMC results.

Effect of fluctuations in materials prices

The MMC Group purchases materials and finished parts and components from many partners. Increased demand and other changes in market conditions may cause materials and components prices to increase, thus raising MMC's manufacturing costs and resulting in an impact on MMC results.

Leasing, financial services and sales incentives

Overcapacity in the auto industry, and fierce competition, especially price competition, has led to the necessity of sales incentives in sales promotion efforts. The sales incentives MMC uses in promotions reduce the selling price of new vehicles. It is possible that the use of incentives will lower resale values in the used car market and residual values evaluated for vehicles returned at the end of leases. If vehicle residual values decrease, there could be a negative impact on future business performance. The decline in residual values could also put downward pressure on car and lease assets held as collateral in the sales finance unit.

Changes in laws and regulations

MMC abides by laws and regulations regarding the environment, product safety, etc. in its various markets of operation. If any laws and regulations were to be changed, or new rules issued, costs associated with implementing these changes would have an impact on MMC results.

Alliances with other companies

As part of its efforts to develop its business the MMC Group forges alliances with Japanese and overseas automakers, as well as other companies. Accordingly, Group operating performance could be affected by situations specific to its alliance partners, and for reasons that the Group cannot control.

Impact of relying on designated suppliers

The MMC Group procures raw materials, parts and other inputs from a host of suppliers. To ensure high levels of product quality, technology and price competition, procurement orders tend to be focused on designated suppliers. Furthermore, specific technologies required to manufacture parts and other inputs tend to be concentrated among certain suppliers. Accordingly, if for some unforeseen reason the flow of suppliers from a supplier should cease, the Group's operating performance could be affected.

Effect of intellectual property rights violations

The MMC Group holds technical expertise, know-how and other intellectual property that differentiates its products from those of its competitors, and the Group works to prevent infringement on the intellectual property rights of third parties. If despite these protections a third party were to wrongfully infringe on the MMC Group's intellectual property by manufacturing or selling similar products or if legal protection of the Group's intellectual property in certain countries should be deemed limited, the Group's sales could decrease and the Group could incur litigation expenses. By the same token, the Group could be forced to halt production and sales in event that it inadvertently encroaches on the intellectual property rights of third parties, and could be liable for damages. Such situations could affect the Group's operating performance.

Impact of lawsuits (as of August 31, 2012)

In the course of business, the possibility exists that lawsuits will arise between the Group and its business partners or third parties. In the event the legal proceedings on issues in dispute are settled differently than the Company asserts or expects, the operating performance of the Group could be affected.

In February 2010, MASRIA Co., Ltd. (hereinafter, the "Plaintiff"), a company that formerly conducted sales for Mitsubishi Motors in Egypt, brought a suit claiming US$900 million in damages stemming from the cancellation of its sales contract with Mitsubishi Motors. Our stance was upheld and the Plaintiff's claim was dismissed at a court of first instance in October 2010 and a court of second instance in July 2012. The Plaintiff decided to appeal this decision, the Company will continue to assert the legitimacy of its stance.

Mitsubishi Motors maintains that its notice of contract cancellation was conducted lawfully, and that the Plaintiff's claim is irrational. Consequently, at present we believe that this suit will have no major impact on the Company's operating performance.

Consolidated Balance Sheets

Mitsubishi Motors Corporation and Consolidated Subsidiaries

As of March 31, 2012 and 2011

	In millions of yen		In thousands of U.S. dollars (Note 2)
	2012	2011	2012
Assets			
Current assets:			
Cash and cash equivalents (Notes 13 and 15)	¥ 310,993	¥ 316,464	$ 3,783,833
Notes and accounts receivable – trade (Notes 3 and 15)	146,182	114,432	1,778,595
Finance receivables (Notes 7 and 15)	26,713	25,495	325,017
Inventories (Note 7)	187,462	189,286	2,280,847
Short-term loans receivable	8,990	7,019	109,385
Deferred tax assets (Note 18)	1,963	3,218	23,889
Other (Note 7)	84,132	90,869	1,023,635
Allowance for doubtful accounts (Note 15)	(7,263)	(10,207)	(88,368)
Total current assets	759,175	736,579	9,236,836
Property, plant and equipment, net (Notes 4, 7 and 14)	376,736	383,564	4,583,731
Intangible assets	11,669	11,856	141,979
Investments and other assets:			
Investments (Notes 5, 7 and 15)	85,289	87,579	1,037,705
Long-term finance receivables (Notes 7 and 15)	53,924	53,485	656,100
Long-term loans receivable	4,855	5,669	59,082
Deferred tax assets (Note 18)	8,889	9,188	108,156
Other (Note 7)	31,226	35,816	379,934
Allowance for doubtful accounts (Note 15)	(10,461)	(11,226)	(127,282)
Total investments and other assets, net	173,724	180,512	2,113,696
Total assets	¥1,321,306	¥1,312,511	$16,076,245

	In millions of yen		In thousands of U.S. dollars (Note 2)
	2012	2011	2012
Liabilities and net assets			
Current liabilities:			
Notes and accounts payable – trade (Notes 3 and 15)	¥ 317,355	¥ 278,595	$ 3,861,245
Short-term loans payable (Notes 7 and 15)	87,308	125,499	1,062,281
Current portion of long-term debt (Notes 7 and 15)	99,381	94,454	1,209,165
Lease obligations (Note 7)	4,220	5,265	51,351
Accounts payable – other and accrued expenses (Notes 6 and 15)	123,974	125,371	1,508,386
Income taxes payable (Note 18)	8,792	9,016	106,981
Other	62,423	62,380	759,503
Total current liabilities	703,457	700,584	8,558,915
Long-term debt (Notes 7 and 15)	161,390	177,995	1,963,622
Lease obligations (Note 7)	6,977	8,088	84,888
Deferred tax liabilities (Note 18)	26,973	27,650	328,185
Provision for retirement benefits (Note 17)	108,602	106,921	1,321,358
Other	48,285	43,178	587,489
Total liabilities	1,055,686	1,064,419	12,844,460
Net assets:			
Shareholders' equity (Notes 8 and 23):			
Preferred stock:			
Authorized: 3,312,000 shares			
Issued or converted: 437,593 shares in 2011			
437,593 shares in 2012	218,796	218,796	2,662,081
Common stock:			
Authorized: 9,958,285,000 shares			
Issued or converted: 5,537,956,840 shares in 2011			
5,537,956,840 shares in 2012	438,558	438,558	5,335,911
Capital surplus	432,666	432,666	5,264,222
Accumulated deficit	(726,028)	(750,200)	(8,833,540)
Treasury stock – 91,142 shares at March 31, 2011			
Treasury stock – 94,665 shares at March 31, 2012	(15)	(15)	(194)
Total shareholders' equity	363,976	339,805	4,428,480
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	11,327	10,464	137,818
Deferred gains or losses on hedges	2,232	3,055	27,159
Foreign currency translation adjustment	(120,542)	(114,551)	(1,466,626)
Total accumulated other comprehensive income	(106,982)	(101,030)	(1,301,648)
Minority interests	8,626	9,318	104,952
Total net assets	265,620	248,092	3,231,785
Contingent liabilities (Note 9)			
Total liabilities and net assets	¥1,321,306	¥1,312,511	$16,076,245

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

Mitsubishi Motors Corporation and Consolidated Subsidiaries

For the years ended March 31, 2012 and 2011

	In millions of yen		In thousands of U.S. dollars (Note 2)
	2012	2011	2012
Net sales	¥1,807,293	¥1,828,497	$21,989,214
Cost of sales	1,487,267	1,538,879	18,095,483
Gross profit	320,025	289,617	3,893,730
Selling, general and administrative expenses (Note 10)	256,350	249,343	3,119,002
Operating income	63,674	40,274	774,728
Interest and dividends income	4,501	2,414	54,768
Interest expenses	13,706	13,215	166,769
Other gain (loss), net (Notes 5 and 11)	(12,851)	948	(156,358)
Income (loss) before income taxes and minority interests	41,618	30,422	506,369
Income taxes (Note 18):			
Current	13,302	13,693	161,845
Deferred	1,937	(2,354)	23,572
	15,239	11,338	185,418
Income (loss) before minority interests	26,378	19,083	320,950
Minority interests in income	2,450	3,462	29,813
Net income (loss) (Note 23)	¥ 23,928	¥ 15,621	$ 291,137

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Mitsubishi Motors Corporation and Consolidated Subsidiaries
For the year ended March 31, 2012 and 2011

	In millions of yen		In thousands of U.S. dollars (Note 2)
	2012	2011	2012
Income (loss) before minority interests	¥26,378	¥19,083	$320,950
Other comprehensive income			
Valuation difference on available-for-sale securities	861	4,975	10,486
Deferred gains or losses on hedges	(823)	3,146	(10,018)
Foreign currency translation adjustment	(4,111)	(7,767)	(50,027)
Share of other comprehensive income of associates accounted for using equity method	(1,749)	(2,065)	(21,282)
Total other comprehensive income	(5,822)	(1,710)	(70,841)
Comprehensive income	¥20,556	¥17,372	$250,109
Comprehensive income attributable to:			
Owners of the parent	¥18,124	¥14,476	$220,518
Minority interests	¥ 2,432	¥ 2,896	$ 29,590

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Mitsubishi Motors Corporation and Consolidated Subsidiaries
For the years ended March 31, 2012 and 2011

	In millions of yen		In thousands of U.S. dollars (Note 2)
	2012	2011	2012
Shareholders' equity			
Preferred stock:			
Balance at beginning of year	¥ 218,796	¥ 218,796	$ 2,662,081
Preferred stock issued or converted	—	—	—
Balance at end of year	218,796	218,796	2,662,081
Common stock:			
Balance at beginning of year	438,558	438,558	5,335,911
Common stock issued or converted	—	—	—
Balance at end of year	438,558	438,558	5,335,911
Capital surplus:			
Balance at beginning of year	432,666	432,666	5,264,222
Issuance or conversion of common and preferred stock	—	—	—
Balance at end of year	432,666	432,666	5,264,222
Accumulated deficit:			
Balance at beginning of year	(750,200)	(765,988)	(9,127,640)
Net income (loss)	23,928	15,621	291,137
Change of scope of consolidation	—	(5)	—
Change of scope of equity method	—	172	—
Increase due to inclusion of consolidated subsidiary by equity method affiliate	243	—	2,962
Balance at end of year	(726,028)	(750,200)	(8,833,540)
Treasury stock:			
Balance at beginning of year	(15)	(15)	(190)
Net change	(0)	(0)	(4)
Balance at end of year	(15)	(15)	(194)
Total shareholders' equity	¥ 363,976	¥339,805	$ 4,428,480
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities:			
Balance at beginning of year	¥10,464	¥5,494	$ 127,324
Net change	862	4,970	10,494
Balance at end of year	11,327	10,464	137,818
Deferred gains or losses on hedges:			
Balance at beginning of year	3,055	(90)	37,180
Net change	(823)	3,146	(10,020)
Balance at end of year	2,232	3,055	27,159
Foreign currency translation adjustment:			
Balance at beginning of year	(114,551)	(105,236)	(1,393,736)
Net change	(5,990)	(9,314)	(72,890)
Balance at end of year	(120,542)	(114,551)	(1,466,626)
Total accumulated other comprehensive income	¥(106,982)	¥(101,030)	$(1,301,648)
Minority interests:			
Balance at beginning of year	¥ 9,318	¥10,293	$ 113,371
Net change	(691)	(975)	(8,419)
Balance at end of year	8,626	9,318	104,952
Total net assets	¥ 265,620	¥ 248,092	$ 3,231,785

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Mitsubishi Motors Corporation and Consolidated Subsidiaries
For the years ended March 31, 2012 and 2011

	In millions of yen		In thousands of U.S. dollars (Note 2)
	2012	2011	2012
Operating activities:			
Net income (loss)	¥ 23,928	¥ 15,621	$ 291,137
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	56,796	65,884	691,043
Impairment loss	16,336	2,977	198,764
Increase (decrease) in allowance for doubtful accounts	(2,775)	375	(33,771)
Increase (decrease) in provision for retirement benefits	1,713	732	20,842
Equity in (earnings) losses of affiliates	(5,932)	(5,914)	(72,185)
Income taxes – deferred	1,937	(2,354)	23,572
Minority interests in income	2,450	3,462	29,813
Loss (gain) on sales and retirement of property, plant and equipment, net	1,807	669	21,989
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	3,031	—
Early retirement expense	—	17	—
Decrease (increase) in notes and accounts receivable – trade	(36,490)	191	(443,974)
Decrease (increase) in inventories	(4,754)	(6,171)	(57,851)
Changes in finance receivables (Note 13)	(2,472)	(19,385)	(30,077)
Increase (decrease) in notes and accounts payable – trade	42,703	19,044	519,572
Other, net (Note 13)	24,138	25,629	293,689
Net cash provided by (used in) operating activities	119,386	103,811	1,452,565
Investing activities:			
Decrease (increase) in time deposits	(5)	494	(63)
Purchase of property, plant and equipment (Note 13)	(72,452)	(53,263)	(881,520)
Proceeds from sales of property, plant and equipment (Note 13)	8,403	9,870	102,246
Net decrease (increase) in investments in securities	19	(1)	241
Decrease (increase) in short-term loans receivable	(3,671)	(6,510)	(44,665)
Decrease (increase) in long-term loans receivable	265	320	3,227
Other, net	(1,629)	(3,500)	(19,829)
Net cash provided by (used in) investing activities	(69,069)	(52,590)	(840,362)
Financing activities:			
Increase (decrease) in short-term loans payable	(34,321)	2,580	(417,584)
Proceeds from issuance of long-term debt	83,776	206,691	1,019,299
Repayment or redemption of long-term debt	(94,680)	(194,443)	(1,151,975)
Cash dividends paid to minority shareholders	(3,014)	(3,029)	(36,673)
Other, net	(4,339)	(6,761)	(52,797)
Net cash provided by (used in) financing activities	(52,579)	5,037	(639,733)
Effect of exchange rate changes on cash and cash equivalents	(3,208)	(3,381)	(39,040)
Net change in cash and cash equivalents	(5,471)	52,875	(66,571)
Cash and cash equivalents at beginning of year	316,464	263,453	3,850,404
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	22	—
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	112	—
Cash and cash equivalents at end of year (Note 13)	¥310,993	¥ 316,464	$ 3,783,833

See accompanying notes to consolidated financial statements.

1. Significant Accounting Policies

(a) Basis of preparation

MMC and its domestic consolidated subsidiaries maintain their books of account in conformity with the generally accepted accounting principles in Japan. The financial statements of foreign subsidiaries are prepared for consolidation purposes in conformity with generally accepted accounting principles in the United States or International Financial Reporting Standards, subject to the adjustments required by generally accepted accounting principles in Japan.

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. These financial statements have been compiled from the consolidated financial statements filed with the Financial Services Agency as required by the Financial Instruments & Exchange Act of Japan.

In addition, the notes to the consolidated financial statements include information, which is not required under generally accepted accounting principles in Japan but which is presented herein as additional information.

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation.

As permitted, amounts of less than ¥1 million have been omitted. Consequently, the totals shown in the accompanying financial statements (both in Yen and U.S. dollars) may not necessarily agree with the sum of the individual amounts presented.

(b) Principles of consolidation

All significant companies over which MMC has effective control are consolidated. Significant companies over which MMC has the ability to exercise significant influence have been accounted for by the equity method.

All significant inter-company transactions have been eliminated in consolidation.

Any differences at the date of acquisition between acquisition cost and the fair value of the net assets acquired are expensed when incurred or are amortized over periods between 5 to 7 years depending on the period over which it is estimated to be beneficial for each investment.

(c) Cash and cash equivalents

All highly liquid and low risk investments with maturities of three months or less when purchased are considered to be cash equivalents.

(d) Inventories

Inventories of MMC and its domestic consolidated subsidiaries are principally stated at cost determined by the first in first out method or specific identification method (under either method, the balance sheet carrying value is reduced to recognize any deterioration of recoverability). Inventories of the overseas consolidated subsidiaries are principally stated at the lower of cost or market value. Cost is determined by the specific identification method.

(e) Investments

Investments in securities are classified either as held-to-maturity, as investments in unconsolidated subsidiaries and affiliates, or as other securities. Held-to-maturity securities are stated at their amortized cost. No investments classified as held-to-maturity were held during the years ended March 31, 2012 and 2011. Other securities with a readily determinable market value are stated at fair value and the cost of such securities sold is computed based on the moving average method. The difference between the acquisition cost and the carrying value of other securities, including unrealized gains and losses, is recognized in "Valuation difference on available-for-sale securities" in the accompanying consolidated balance sheets. Other securities without a readily determinable market value are stated at cost determined by the moving average method.

(f) Depreciation and amortization

Property, plant and equipment (excluding leased assets):

Depreciation of property, plant and equipment (excluding leased assets) is principally calculated using the declining balance method or the straight line method over the estimated useful life of the respective assets for MMC and domestic consolidated subsidiaries. Depreciation is principally calculated using the straight line method for the overseas consolidated subsidiaries.

The useful lives of the assets are based on the estimated lives of assets for MMC and are determined in accordance with the Corporation Tax Act for its domestic consolidated subsidiaries. The useful lives of the assets are determined based on the expected useful lives for the overseas consolidated subsidiaries.

Intangible fixed assets (excluding leased assets):

Intangible fixed assets (excluding leased assets) are amortized using the straight line method for MMC and its domestic consolidated subsidiaries and using the straight line method primarily over the period for which each asset is available for use for its overseas subsidiaries. Software intended for use by MMC and its domestic consolidated subsidiaries is amortized using the straight line method over a period of 5 years.

Leased assets:

Assets recognized under finance leases that do not involve transfer of ownership to the lessee are depreciated using the straight line method based on the contract term of the lease agreement. If a guaranteed residual value is determined in the lease agreement, the said guaranteed residual value is deemed as the residual value of such leased assets. If the residual value is not determined, it is deemed to be zero.

(g) Allowance for doubtful accounts

The allowance for doubtful accounts has been provided based on MMC and its consolidated subsidiaries' historical experience with respect to write-offs and an estimate of the amount of specific uncollectible accounts.

(h) Allowance for product warranties

The allowance for product warranty claims has been calculated based on MMC and its consolidated subsidiaries' historical experience and estimations with respect to future costs relating to claims.

(i) Provision for retirement benefits

Accrued retirement benefits for employees at March 31, 2012 and 2011 are calculated based on the retirement benefits obligation and the fair value of the pension plan assets estimated at year end.

Prior service cost is being amortized using the straight line method over periods of 1 to 15 years. These periods are within the estimated average remaining service years of the employees.

Actuarial gains and losses are being amortized using the straight line method over the periods of 5 to 15 years. These periods are within the estimated average remaining service years of the employees.

(Additional information)

In accordance with the Defined Contribution Pension Act, MMC and some of its domestic consolidated subsidiaries transferred a certain part of their retirement benefit plans (tax-qualified pension plans) to defined contribution pension plans and defined benefit corporate pension plans this year. Accordingly, "Accounting for Transfer between Retirement Benefit Plans" (ASBJ Implementation Guidance No.1) has been applied. The effect of this transfer is considered to be immaterial.

(j) Accrual for retirement benefits for directors and corporate auditors

Before the termination of the retirement benefits plan for directors and corporate auditors in the year ended March 2007, certain directors and corporate auditors of MMC and its domestic consolidated subsidiaries had been customarily entitled to lump-sum payments under their respective unfunded severance benefit plans, subject to shareholders' approval. Due to the termination of the plan and partial deduction of the provision, further provision is no longer needed and the outstanding balance of the provision at March 31, 2012 and 2011 represents benefits reserved before the plan's termination.

(k) Translation of foreign currency accounts

Receivables and payables denominated in foreign currencies are translated into Yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are included in the statements of income.

The accounts of the consolidated foreign subsidiaries are translated into Yen as follows:

a. Asset and liability items are translated at the rate of exchange in effect on March 31;
b. Components of shareholders' equity are translated at their historical rates at acquisition or upon occurrence; and
c. Revenues, expenses and cash flow items are translated at the average rate for the financial period.

Translation adjustments are included in "Net assets".

(l) Amounts per share of common stock

The computation of basic net income per share of common stock is based on the weighted average number of shares of common stock outstanding during each year. Diluted net income per share of common stock is computed based on the weighted average number of shares of common stock outstanding each year after giving effect to the dilutive potential of common stock to be issued upon the conversion of preferred stock.

(m) Derivative financial instruments

MMC and its consolidated subsidiaries are exposed to risks arising from fluctuations in foreign currency exchange rates and interest rates. In order to manage those risks, MMC and its consolidated subsidiaries enter into various derivative agreements including forward foreign exchange contracts and interest rate swaps.

Forward foreign exchange contracts are utilized to manage risks arising from forecast exports of finished goods and related foreign currency receivables. Interest rate swaps are utilized to manage interest rate risk for loans. MMC and its consolidated subsidiaries do not utilize derivatives for speculation or trading purposes.

Derivative financial instruments are recorded at fair value, excluding certain instruments described below which are recorded in accordance with the special hedge provisions of the accounting standard.

Forward foreign exchange contracts related to forecast exports of finished goods are accounted for using deferral hedge accounting. Deferral hedge accounting requires unrealized gains or losses to be deferred as liabilities or assets.

MMC and its consolidated subsidiaries have also developed a hedging policy to control various aspects of the derivative transactions including authorization levels and transaction volumes. Based on this policy, within certain limits, MMC and its consolidated subsidiaries hedge the risks arising from the changes in foreign currency exchange rates and interest rates. Forward foreign exchange contracts are designated to hedge the exposure to variability in expected future cash flows.

For interest rate swaps accounted for as special hedges, instead of measuring hedge effectiveness, confirmation of the conditions for special hedge accounting is carried out.

(Additional information)

Accounting standard for accounting changes and error corrections

"Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24, issued on December 4, 2009) and *"Guidance on Accounting Standard for Accounting Changes and Error Corrections"* (ASBJ Guidance No.24, issued on December 4, 2009) is applied from this year to accounting changes and correction of past period errors made on or after the beginning of this year.

2. U.S. Dollar Amounts

The U.S. dollar amounts in the accompanying consolidated financial statements are included, solely for convenience, at ¥82.19= U.S.$1.00, the exchange rate prevailing on March 31, 2012. This translation should not be construed as a representation that the Yen amounts represent or have been, or could be, converted into U.S. dollars at that or any other rate.

3. Notes and Accounts Receivable – Trade

The outstanding balances of trade notes and accounts receivable sold to others which have been deducted from the respective accounts amounted to ¥7,000 million ($85,168 thousand) and ¥14,300 million as of March 31, 2012 and 2011, respectively.

As March 31, 2012 was a weekend date, some receivables and payables were not able to be settled by financial institutions on that date. Accordingly, notes and accounts receivable of ¥4,837 million ($58,863 thousand) and, notes and accounts payable of ¥33,971 million ($413,334 thousand), which were settled on the first following business day, were included in the balance at March 31, 2012.

4. Property, Plant and Equipment

Accumulated depreciation of property, plant and equipment at March 31, 2012 and 2011 was ¥1,068,361 million ($12,998,678 thousand) and ¥1,071,675 million, respectively.

Impairment losses were recognized in the following asset groups for the years ended March 31, 2012 and March 31, 2011:

			(In millions of yen)	(In thousands of U.S. dollars)
For the year ended March 31, 2012				
Location	Application	Assets	Impairment loss amount	
Gifu, Gifu and others (28 sites)	Assets used in sales operations	Buildings, land and others	¥ 678	$ 8,251
Kawasaki, Kanagawa and others (18 sites)	Idle assets	Machinery and equipment, vehicles and others	1,587	19,319
The Netherlands and others (6sites)	Production facilities	Buildings, tools, furniture and fixture and others	14,070	171,193
			¥16,336	$198,764

			(In millions of yen)
For the year ended March 31, 2011			
Location	Application	Assets	Impairment loss amount
Yokohama, Kanagawa and others (18 sites)	Assets used in sales operations	Land, buildings and others	¥ 76
Imabari, Ehime and others (8 sites)	Idle assets	Land, buildings and others	9
The Netherlands and others (5 sites)	Production facilities	Machinery and equipment, furniture and fixtures and others	2,891
			¥2,977

The groupings of assets are determined as follows:

Assets used in production are grouped either by manufacturing plants or by operational sites. Assets used in sales operations are generally grouped by operational sites. Assets leased to others and idle assets have their own asset groups.

As a result of the worsening market environment and other factors, the book value of some of the assets has been reduced to recoverable value.

The recoverable values of assets have been obtained by comparing and then taking the higher of: value in use, which is determined by estimating future cash flow with a 4% and 5% discount rate for the years ended March 31, 2012 and 2011, respectively; and net realizable value, which is based on an appraisal value obtained from a professional real estate appraiser or calculated on a reasonable basis by using the estate tax valuations through land assessments and similar methods.

Loss on impairment of fixed assets amounted to ¥16,336 million ($198,764 thousand) and consisted of ¥8,052 million ($97,973 thousand) from buildings and structures, ¥3,375 million ($41,074 thousand) from tools, furniture and fixtures, ¥1,250 million ($15,217 thousand) from land and ¥3,657 million ($44,498 thousand) from other assets for the year ended March 31, 2012. Loss on impairment of fixed assets amounted to ¥2,977 million and consisted of ¥2,875 million from machinery and equipment and ¥102 million from other assets for the year ended March 31, 2011.

5. Investments

Other securities at March 31, 2012 and 2011 were as follows:

	(In millions of yen)			
	March 31, 2012			
	Carrying amount	Acquisition cost	Unrealized gains	Unrealized (losses)
Other securities:				
Securities with market value	¥28,744	¥10,164	¥18,592	¥(11)
Total	¥28,744	¥10,164	¥18,592	¥(11)

	(In thousands of U.S. dollars)			
	March 31, 2012			
	Carrying amount	Acquisition cost	Unrealized gains	Unrealized (losses)
Other securities:				
Securities with market value	$349,736	$123,665	$226,210	$(139)
Total	$349,736	$123,665	$226,210	$(139)

	(In millions of yen)			
	March 31, 2011			
	Carrying amount	Acquisition cost	Unrealized gains	Unrealized (losses)
Other securities:				
Securities with market value	¥28,722	¥10,164	¥18,564	¥(6)
Total	¥28,722	¥10,164	¥18,564	¥(6)

Proceeds from sales of other securities and the corresponding gross gains and losses that are included in other gain (loss), net in the accompanying consolidated statements of income for the years ended March 31, 2012 and 2011 were as follows:

	(In millions of yen)		(In thousands of U.S. dollars)
	For the years ended March 31,		
	2012	2011	2012
Proceeds	¥20	¥1	$247
Gross gains	20	—	247
Gross losses	—	(2)	—

No notes are provided for losses recognized on the impairment of other securities with market value, as the amount is considered immaterial.

6. Accounts Payable – Other and Accrued Expenses

Accounts payable – other and accrued expenses at March 31, 2012 and 2011 were as follows:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2012	2011	2012
Accrued expenses and accounts payable	¥ 99,220	¥ 97,159	$1,207,207
Allowance for product warranties	24,753	28,211	301,179
	¥123,974	¥125,371	$1,508,386

7. Short-Term Loans Payable, Long-Term Debt and Lease Obligations

Short-term loans payable at March 31, 2012 and 2011 consisted of the following:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2012	2011	2012
Loans, principally from banks	¥87,308	¥125,499	$1,062,281

The weighted average interest rates on short-term loans payable at March 31, 2012 and 2011 were 2.7% and 3.0%, respectively.

Long-term debt at March 31, 2012 and 2011 consisted of the following:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2012	2011	2012
Loans, principally from banks and insurance companies, due through 2023 at interest rates averaging 3.4% in 2012 and 3.6% in 2011:			
Secured	¥ 99,358	¥ 72,295	$ 1,208,885
Unsecured	161,413	200,154	1,963,902
	260,771	272,450	3,172,787
Less current portion	(99,381)	(94,454)	(1,209,165)
	¥161,390	¥177,995	$ 1,963,622

The maturities of long-term debt are as follows:

Years ending March 31,	(In millions of yen)	(In thousands of U.S. dollars)
2013	¥ 99,381	$1,209,165
2014	120,157	1,461,953
2015	23,972	291,669
2016	14,398	175,190
2017	2,654	32,294
Thereafter	206	2,513
Total	¥260,771	$3,172,787

Lease obligations at March 31, 2012 and 2011 consisted of the following:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2012	2011	2012
Current	¥4,220	¥5,265	$51,351
Non-current	6,977	8,088	84,888

The weighted average interest rates on lease obligations due through 2027 at March 31, 2012 and 2011 were 4.5% and 4.3 %, respectively.

The maturities of lease obligations are as follows:

Years ending March 31,	(In millions of yen)	(In thousands of U.S. dollars)
2013	¥ 4,220	$ 51,351
2014	3,352	40,794
2015	1,875	22,823
2016	1,295	15,768
2017	343	4,181
Thereafter	108	1,322
Total	¥11,197	$136,240

Assets pledged as collateral for short-term loans payable, long-term debt and guarantees (excluding factory related groups of assets) at March 31, 2012 and 2011consisted of the following:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2012	2011	2012
Finance receivables and Long-term finance receivables	¥ 73,785	¥ 51,513	$ 897,741
Inventories	7,687	10,225	93,531
Property, plant and equipment, net	38,936	38,262	473,742
Other (see (i) below)	7,693	9,439	93,607
	¥128,103	¥109,440	$1,558,621

(i) ¥1,024 million ($12,467 thousand) and ¥1,003 million of other current assets were pledged based on a liability in a term lease contract relating to a building with Murata Medical Services, Ltd. at March 31, 2012 and 2011, respectively. ¥46 million ($559 thousand) and ¥46 million of investments were pledged as collateral for debt of Mizushima Eco-Works Co., Ltd. at 2012 and 2011, respectively.

The following groups of assets of MMC, the Okazaki factory, were pledged as collateral at March 31, 2012 and 2011, respectively.

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2012	2011	2012
Buildings and structures	¥13,971	¥14,703	$169,991
Machinery and equipment	19,255	20,812	234,280
Tools, furniture and fixtures	301	301	3,668
Land	985	985	11,994
	¥34,514	¥36,803	$419,934

The following groups of assets of MMC, the Mizushima factory, were pledged as collateral at March 31, 2012 and 2011, respectively.

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2012	2011	2012
Buildings and structures	¥ 6,762	¥ 7,067	$ 82,274
Machinery and equipment	20,385	23,841	248,026
Tools, furniture and fixtures	963	1,107	11,725
Land	2,008	2,008	24,441
	¥30,120	¥34,025	$366,468

The following groups of assets of MMC, the Kyoto factory, were pledged as collateral at March 31, 2012 and 2011, respectively.

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2012	2011	2012
Buildings and structures	¥ 5,070	¥ 5,406	$ 61,689
Machinery and equipment	14,985	17,068	182,328
Tools, furniture and fixtures	612	722	7,451
Land	2,235	2,235	27,195
	¥22,903	¥25,432	$278,664

The following groups of assets of MMC, the Shiga factory, were pledged as collateral at March 31, 2012 and 2011, respectively.

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2012	2011	2012
Buildings and structures	¥ 2,370	¥ 2,559	$ 28,847
Machinery and equipment	8,683	9,975	105,653
Land	3,859	3,859	46,958
	¥14,914	¥16,393	$181,459

The following groups of assets of a consolidated subsidiary, Pajero Manufacturing Corporation, were pledged as collateral at March 31, 2012 and 2011, respectively.

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2012	2011	2012
Buildings and structures	¥2,377	¥2,477	$28,922
Machinery and equipment	2,407	2,702	29,292
Land	1,540	1,540	18,737
	¥6,324	¥6,720	$76,952

The following groups of assets of a consolidated subsidiary, Suiryo Plastics Co., Ltd., were pledged as collateral at March 31, 2012 and 2011, respectively.

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2012	2011	2012
Buildings and structures	¥ 889	¥ 841	$10,822
Machinery and equipment	882	1,028	10,732
Land	194	194	2,366
	¥1,966	¥2,064	$23,921

The obligations secured by such collateral at March 31, 2012 and 2011 consisted of the following:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2012	2011	2012
Short-term loans payable	¥ 36,640	¥ 52,051	$ 445,801
Current portion of long-term debt	51,567	16,467	627,418
Long-term debt	47,790	55,827	581,466
	¥135,998	¥124,347	$1,654,686

8. Net Assets

The Companies Act provides that an amount equal to 10% of the amount to be disbursed as a distribution of earnings should be appropriated to the legal reserve until the sum of the legal reserve and capital surplus equals at least 25% of common stock. MMC and its domestic subsidiaries have provided these amounts in accordance with the Companies Act.

MMC is authorized to issue 3,312,000 shares of convertible preferred stock that are classified as Series A, B and G (3 to 4 times in each series), and has 437,593 shares outstanding at March 31, 2012.

The holders of each series of convertible preferred stock do not have voting rights, but the holders of Series A and G (except for Series B) are entitled to preferred stock dividends of ¥50,000 per share each year after April 2009.

In the event of a residual distribution, MMC would also be required to distribute residual claims to the holders of each series of convertible preferred stock by payment of one million yen per share of preferred stock held, in priority over residual claims of holders of the rights of ordinary shareholders. No further distribution would be made.

9. Contingent Liabilities

Loan guarantees given in the ordinary course of business amounted to ¥2,049 million ($24,932 thousand) and ¥2,862 million at March 31, 2012 and 2011, respectively. Agreements similar to guarantees given in the ordinary course of business amounted to ¥5,434 million ($66,116 thousand) and ¥9,198 million at March 31, 2012 and 2011, respectively.

10. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended March 31, 2012 and 2011 consisted of the following:

	(In millions of yen)		(In thousands of U.S. dollars)
	For the years ended March 31,		
	2012	2011	2012
Advertising and promotion expenses	¥ 62,314	¥ 63,794	$ 758,170
Freightage expense	44,213	42,918	537,938
Allowance for doubtful accounts	(1,620)	—	(19,720)
Directors' compensations, salaries and allowances	58,731	56,574	714,578
Pension expenses	3,943	4,600	47,985
Depreciation	8,864	10,395	107,848
Research and development expenses	34,996	27,664	425,798
Other	44,908	43,394	546,403
Total	¥256,350	¥249,343	$3,119,002

11. Other Gain (Loss), Net

Other gain (loss), net for the years ended March 31, 2012 and 2011 consisted of the following:

	(In millions of yen)		(In thousands of U.S. dollars)
	For the years ended March 31,		
	2012	2011	2012
Equity in earnings of affiliates	¥ 5,932	¥ 5,914	$ 72,185
Foreign exchange gains (losses)	2,418	8,800	29,425
Litigation expenses	(851)	(2,422)	(10,354)
Gain (loss) on sales and retirement of property, plant and equipment, net	(1,807)	(669)	(21,989)
Reversal of allowance for doubtful accounts	—	655	—
Gain on sales of subsidiaries and affiliates' stocks	400	—	4,869
Impairment loss	(16,336)	(2,977)	(198,764)
Early retirement expense	—	(17)	—
Environmental expenses	(10)	(6)	(129)
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	(3,031)	—
Loss on disaster	(1,525)	(2,365)	(18,565)
Other	(1,071)	(2,930)	(13,034)
Total	¥(12,851)	¥ 948	$(156,358)

12. Comprehensive Income

Reclassification adjustments to the Consolidated Statement of Income and tax effects related to other comprehensive income for the years ended March 31, 2012 consisted of the following:

	(In millions of yen)	(In thousands of U.S. dollars)
	For the years ended March 31,	
	2012	2012
Valuation difference on available-for-sale securities:		
Amount arising in the year	¥ (22)	$ (278)
Reclassification adjustments for gains and losses included in net income (loss)	0	8
Before tax effect	(22)	(270)
Tax effect	884	10,756
Valuation difference on available-for-sale securities	861	10,486
Deferred gains or losses on hedges:		
Amount arising in the year	2,323	28,274
Reclassification adjustments for gains and losses included in net income (loss)	(3,597)	(43,767)
Before tax effect	(1,273)	(15,492)
Tax effect	449	5,474
Deferred gains or losses on hedges	(823)	(10,018)
Foreign currency translation adjustment:		
Amount arising in the year	(3,899)	(47,448)
Reclassification adjustments for gains and losses included in net income (loss)	(211)	(2,578)
Before tax effect	(4,111)	(50,027)
Tax effect	—	—
Foreign currency translation adjustment	(4,111)	(50,027)
Share of other comprehensive income of associates accounted for using equity method:		
Amount arising in the year	(1,749)	(21,282)
Total other comprehensive income	¥(5,822)	$(70,841)

13. Cash Flow Information

Cash and cash equivalents at March 31, 2012 and 2011consisted of the following:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2012	2011	2012
Cash and bank deposits	¥311,631	¥317,097	$3,791,597
Time deposits with maturities of more than three months	(638)	(632)	(7,764)
Cash and cash equivalents	¥310,993	¥316,464	$3,783,833

Interest paid less interest received and dividends received included in Other, net within operating activities in the consolidated statements of cash flows for the years ended March 31, 2012 and 2011 amounted to a net expense of ¥4,521 million ($55,007 thousand) and ¥8,242 million, respectively. Income taxes paid included in Other, net within operating activities in the consolidated statements of cash flows for the years ended March 31, 2012 and 2011 amounted to ¥13,532 million ($164,654 thousand) and ¥8,079 million, respectively.

Purchases of property, plant and equipment within investing activities in the consolidated statements of cash flows for the years ended March 31, 2012 and 2011 include payments for the acquisition of lease vehicles of ¥8,626 million ($104,956 thousand) and ¥9,882 million, respectively.

Proceeds from sales of property, plant and equipment within investing activities in the consolidated statements of cash flows for the years ended March 31, 2012 and 2011 include proceeds from the sale of lease vehicles of ¥6,192 million ($75,339 thousand) and ¥7,282 million, respectively.

Changes in finance receivables within operating activities in the consolidated statements of cash flows for the years ended March 31, 2012 and 2011 are primarily the net of payments amounting to ¥140,727 million ($1,712,220 thousand) and ¥130,750 million, respectively, and proceeds from collections amounting to ¥138,255 million ($1,682,142 thousand) and ¥111,365 million, respectively.

14. Leases

As lessee

(1) Finance lease transactions that do not involve transfer of ownership to the lessee

(a) Description of the leased assets:

Property, plant and equipment

Leased assets principally include, but are not limited to, production facilities for the automobile business ("Machinery and equipment (net)" and "Tool, furniture and fixtures (net)").

(b) Depreciation method of leased assets

Leased assets under finance leases that do not involve transfer of ownership to the lessee, are depreciated using the straight line method based on the contract term of the lease agreement. If the guaranteed residual value is determined in the lease agreement, the said guaranteed residual value is deemed as the residual value of such leased assets. If the residual value is not determined, it is deemed to be zero.

(2) Operating lease transactions

Future minimum lease payments required under non-cancellable operating lease transactions entered into by MMC and its consolidated subsidiaries at March 31, 2012 and 2011 were as follows:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2012	2011	2012
Due within 1 year	¥1,231	¥1,349	$ 14,986
Due after 1 year	7,427	7,740	90,375
Total	¥8,659	¥9,090	$105,361

As lessor

FFuture minimum lease revenues from non-cancellable operating lease transactions entered into by MMC and its consolidated subsidiaries as lessor at March 31, 2012 and 2011 were as follows:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2012	2011	2012
Due within 1 year	¥4,210	¥ 4,618	$ 51,228
Due after 1 year	5,668	6,034	68,965
Total	¥9,878	¥10,653	$120,194

15. Financial Instruments

For the years ended March 31, 2012 and 2011

Overview of financial instruments

(a) Our policy to manage financial instruments

The Group's capital management policy is to limit its investments to low-risk financial products and to obtain its required funds mainly through bank borrowings. We use derivative instruments to hedge interest rate, foreign currency and similar risks, and we do not enter into any speculative transactions.

(b) Nature and risks of financial instruments and our risk management structure

TTrade receivables, which include notes receivable and accounts receivable, are exposed to the credit risk of our customers. To manage this risk, in accordance with the Group's credit control rules, each group company monitors the financial condition of its major customers, as well as managing the maturity profiles and outstanding balances of the receivables on a customer by customer basis.

Trade receivables denominated in foreign currency are exposed to foreign currency risk. In principle, forward foreign exchange contracts are used to hedge the net position after offsetting foreign currency denominated payables.

Some of investment securities are exposed to the risk of market price fluctuation. However, such securities are composed of mainly the stocks of companies with which the Group has business relationships.

Trade payables, which include notes payable and accounts payable, are mostly expected to be settled within one year. While trade payables include certain payables denominated in foreign currencies, in principle these are managed by netting against foreign currency denominated receivables.

Floating rate bank borrowings are exposed to interest rate risk. For some of our long-term bank borrowings, derivative transactions (interest rate swaps) are used as hedging instruments on an individual loan contract basis to hedge the interest payable fluctuation risk. Such transactions meet the criteria of special accounting provisions for interest rate swaps, and therefore hedge effectiveness assessment is not required.

Certain intercompany loans are exposed to foreign currency risk, however derivative transactions are used as hedging instruments for some of these loans.

In order to mitigate counterparty risks, the Group enters into derivative transactions only with highly rated financial institutions.

Trade payables and bank borrowings are exposed to liquidity risk. Each Group company manages these risks, by preparing cash flow projections and other similar tools.

(c) Supplementary information about the fair value of financial instruments

The notional amount with respect to the derivative transactions presented in "Fair value of financial instruments" does not represent the amount of market risk associated with the relevant derivative transactions.

Fair value of financial instruments

The carrying amount, fair value, and the difference between the carrying amount and the fair value of the financial instruments at March 31, 2012 and 2011 were as follows. These financial instruments do not include any financial instrument for which it is extremely difficult to reasonably measure fair value. (Refer to Note 15.2)

	(In millions of yen)		
	March 31, 2012		
	Carrying amount	Fair value	Difference
Cash and bank deposits	¥311,631	¥311,631	¥ —
Notes and accounts receivable–trade	146,182	146,182	—
Finance receivables	80,638		
Allowance for doubtful accounts (*1)	(4,879)		
	75,758	72,270	(3,487)
Investment (*2)	28,744	28,744	—
Total assets	¥562,317	¥558,829	¥(3,487)
Notes and accounts payable–trade	¥317,355	¥317,355	¥ —
Short-term loans payable	87,308	87,308	—
Long-term loans payable	260,771	263,138	2,366
Accounts payable – other and accrued expenses (*3)	99,220	99,220	—
Total liabilities	¥764,656	¥767,023	¥2,366
Derivative transactions (*4)	9,237	9,237	—

	(In thousands of U.S. dollars)		
	March 31, 2012		
	Carrying amount	Fair value	Difference
Cash and bank deposits	$3,791,597	$3,791,597	$ —
Notes and accounts receivable–trade	1,778,595	1,778,595	—
Finance receivables	981,118		
Allowance for doubtful accounts (*1)	(59,369)		
	921,749	879,312	(42,436)
Investment (*2)	349,736	349,736	—
Total assets	$6,841,679	$6,799,242	$(42,436)
Notes and accounts payable–trade	$3,861,245	$3,861,245	$ —
Short-term loans payable	1,062,281	1,062,281	—
Long-term loans payable	3,172,787	3,201,585	28,797
Accounts payable – other and accrued expenses (*3)	1,207,207	1,207,207	—
Total liabilities	$9,303,522	$9,332,320	$28,797
Derivative transactions (*4)	112,394	112,394	—

(*1) Allowances for doubtful accounts recognized for individual financial receivable are deducted from the carrying amounts directly.

(*2) Investments presented in the balance sheets consist of: investment securities of ¥72,477 million ($881,824 thousand), which include securities with market value of ¥28,744 million ($349,736 thousand) and non-listed stocks and stocks of unconsolidated subsidiaries and affiliates of ¥43,732 million ($532,087 thousand) (refer to Note 15.2); and other investments in unconsolidated subsidiaries and affiliates of ¥12,811 million ($155,881 thousand) at March 31, 2012.

(*3) Accounts payable – other and accrued expenses presented in the balance sheets consist of accrued expenses and accounts payable of ¥99,220 million ($1,207,207 thousand) and allowance for product warranties of ¥24,753 million ($301,179 thousand) at March 31, 2012.

(*4) The amount of the receivable/payable derived from derivative transactions is presented on a net basis.

	(In millions of yen)		
	March 31, 2011		
	Carrying amount	Fair value	Difference
Cash and bank deposits	¥317,097	¥317,097	¥ —
Notes and accounts receivable–trade	114,432	114,432	—
Finance receivables	78,980		
Allowance for doubtful accounts (*1)	(5,928)		
	73,051	70,893	(2,158)
Investment (*2)	28,722	28,722	—
Total assets	¥533,304	¥531,146	¥(2,158)
Notes and accounts payable–trade	¥278,595	¥278,595	¥ —
Short-term loans payable	125,499	125,499	—
Long-term loans payable	272,450	272,942	492
Accounts payable – other and accrued expenses (*3)	97,159	97,159	—
Total liabilities	¥773,704	¥774,196	¥ 492
Derivative transactions (*4)	6,767	6,767	—

(*1) Allowances for doubtful accounts recognized for individual financial receivable are deducted from the carrying amounts directly.
(*2) Investments presented in the balance sheets consist of: investment securities of ¥73,031 million, which include securities with market value of ¥28,722 million and non-listed stocks and stocks of unconsolidated subsidiaries and affiliates of ¥44,309 million (refer to Note 15.2);and other investments in unconsolidated subsidiaries and affiliates of ¥14,547 million at March 31, 2011.
(*3) Accounts payable – other and accrued expenses presented in the balance sheets consist of accrued expenses and accounts payable of ¥97,159 million and allowance for product warranties of ¥28,211 million at March 31, 2011.
(*4) The amount of the receivable/payable derived from derivative transactions is presented on a net basis.

(Note)

1. Method for measuring the fair value of financial instruments, other securities, and derivative transactions

Assets

Cash and bank deposits

The carrying amounts are used as fair values as these items are settled within a short period of time and the fair values are nearly equal to the carrying amounts.

Notes and accounts receivable – trade

The carrying amounts are used as fair values as these items are generated in the normal course of business operations and principally settled within a short period of time and the fair values are nearly equal to the carrying amounts.

Finance receivables

Finance receivables are classified by certain terms to maturity, and their fair values are determined based on the present values of the respective future cash flows discounted using appropriate rates, such as the rates of government bonds after adding credit risk premiums based on the credit risk classes.

Investments

The fair values of investments are based on their respective market values. Refer to Note 5, "Investments", regarding the details of securities classified by purpose for holding.

Liabilities

Notes and accounts payable – trade, Short-term loans payable and Accrued expenses and accounts payable

The carrying amounts are used as fair values of these items as these items are settled within a short period of time and the fair values are nearly equal to such carrying amounts.

Long-term loans payable

Long-term loans payable are classified by certain terms to maturity, and their fair values are determined based on the respective present values of the total amount of principal and interest discounted using the prevailing interest rates that would be applied if similar loans were made at the valuation date.

Derivative transactions

Refer to Note 16, "Derivative Financial Instruments".

2. Financial instruments for which it is extremely difficult to reasonably measure fair value

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2012	2011	2012
Non-listed stocks and stocks of unconsolidated subsidiaries and affiliates	¥43,732	¥44,309	$532,087

These financial instruments do not have any quoted market price, and the future cash flow cannot be estimated and consequently are recognized as extremely difficult to reasonably measure fair value. Accordingly, such financial instruments are not included in Investments.

3. Maturity profile of the monetary receivables subsequent to March 31, 2012

	(In millions of yen)		
	March 31, 2012		
	Bank deposits	Notes and accounts receivable–trade	Finance receivables
2013	¥311,126	¥140,258	¥26,713
2014	—	2,815	3,594
2015	—	2,114	8,037
2016	—	295	15,158
2017	—	125	17,086
Thereafter	—	573	10,048
Total	¥311,126	¥146,182	¥80,638

	(In thousands of U.S. dollars)		
	March 31, 2012		
	Bank deposits	Notes and accounts receivable–trade	Finance receivables
2013	$3,785,459	$1,706,512	$325,017
2014	—	34,260	43,735
2015	—	25,732	97,791
2016	—	3,589	184,431
2017	—	1,520	207,884
Thereafter	—	6,980	122,258
Total	$3,785,459	$1,778,595	$981,118

4. Maturity profile of the long-term loans payable subsequent to March 31, 2012

Refer to Note 7"Short-term Loans payable, Long-term Debt and Lease Obligations".

16. Derivative Financial Instruments

Summarized below are the notional amounts and the estimated fair values (based on the prices provided by counterparty financial institutions) of the derivative positions at March 31, 2012 and 2011:

(a) Derivative transactions that are not subject to hedge accounting

Forward foreign exchange contracts and cross currency swaps

	(In millions of yen)			
	March 31, 2012			
	Notional amount	Due more than 1 year	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:				
Sell:				
US $	¥ 15,686	¥—	¥ 246	¥ 246
Euro	8,407	—	67	67
£ stg	2,393	—	25	25
Canadian $	6,402	—	89	89
Australian $	16,120	—	125	125
Japanese ¥	101,748	—	6,121	6,121
Other	6,626	—	100	100
Buy:				
Japanese ¥	511	—	5	5
Cross currency swaps:				
Sell:				
Japanese ¥	10,680	—	46	46
Total	¥ —	¥—	¥6,828	¥6,828

	(In thousands of U.S. dollars)			
	March 31, 2012			
	Notional amount	Due more than 1 year	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:				
Sell:				
US $	$ 190,858	¥—	$ 2,993	$ 2,993
Euro	102,298	—	820	820
£ stg	29,120	—	309	309
Canadian $	77,903	—	1,089	1,089
Australian $	196,140	—	1,531	1,531
Japanese ¥	1,237,972	—	74,475	74,475
Other	80,630	—	1,226	1,226
Buy:				
Japanese ¥	6,225	—	70	70
Cross currency swaps:				
Sell:				
Japanese ¥	129,942	—	568	568
Total	$ —	$—	$83,084	$83,084

	(In millions of yen)			
	March 31, 2011			
	Notional amount	Due more than 1 year	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:				
Sell:				
US $	¥ 1,243	¥—	¥ 1	¥ 1
Japanese ¥	103,993	—	1,417	1,417
Buy:				
Thai ฿	5,542	—	56	56
Japanese ¥	407	—	(6)	(6)
Cross currency swaps:				
Sell:				
Japanese ¥	17,847	—	891	891
Total	¥ —	¥—	¥2,361	¥2,361

Interest rate options

No items to be reported for the for the year ended March 31, 2012

	(In millions of yen)			
	March 31, 2011			
	Notional amount	Due more than 1 year	Fair value	Unrealized gain (loss)
Interest rate options:				
Buy:	¥12,852	¥12,852	¥10	¥10
Total	¥ —	¥ —	¥10	¥10

The method to determine fair values is based on quotations obtained from financial institutions.

(b) Derivative transactions that are subject to hedge accounting

Forward foreign exchange contracts

	(In millions of yen)			
	March 31, 2012			
	Hedged item	Notional amount	Due more than 1 year	Fair value
Forward foreign exchange contracts:				
Sell:				
Japanese ¥	Interest Income	¥105,510	¥—	¥2,470
Buy:				
Japanese ¥	Accounts payable	201	—	(1)
Total		¥ —	¥—	¥2,469

	(In thousands of U.S. dollars)			
	March 31, 2012			
	Hedged item	Notional amount	Due more than 1 year	Fair value
Forward foreign exchange contracts:				
Sell:				
Japanese ¥	Interest Income	$1,283,736	$—	$30,061
Buy:				
Japanese ¥	Accounts payable	2,448	—	(18)
Total		$ —	$—	$30,043

	(In millions of yen)			
	March 31, 2011			
	Hedged item	Notional amount	Due more than 1 year	Fair value
Forward foreign exchange contracts:				
Sell:				
Japanese ¥	Interest Income	¥88,529	¥—	¥4,387
Total		¥ —	¥—	¥4,387

The method to determine fair values is based on quotations obtained from financial institutions.

Interest rate swaps

	(In millions of yen)			
	March 31, 2012			
	Hedged item	Notional amount	Due more than 1 year	Fair value
Pay-fixed, receive-floating (recorded as fair value):	Long-term debt	¥15,808	¥15,808	¥(60)
Pay-fixed, receive-floating (special hedge provisions):	Long-term debt	750	500	(*)
Total		¥ —	¥ —	¥(60)

	(In thousands of U.S. dollars)			
	March 31, 2012			
	Hedged item	Notional amount	Due more than 1 year	Fair value
Pay-fixed, receive-floating (recorded as fair value):	Long-term debt	$192,339	$192,339	$(733)
Pay-fixed, receive-floating (special hedge provisions):	Long-term debt	9,125	6,083	(*)
Total		$ —	$ —	$(733)

	(In millions of yen)			
	March 31, 2011			
	Hedged item	Notional amount	Due more than 1 year	Fair value
Pay-fixed, receive-floating (recorded as fair value):	Long-term debt	¥9,724	¥9,724	¥8
Pay-fixed, receive-floating (special hedge provisions):	Long-term debt	4,000	750	(*)
Total		¥ —	¥ —	¥8

(*) As interest rate swaps under the special hedge provisions are accounted together with hedged item (long-term debt), their fair values are reflected in the fair value of long-term loans payable.

17. Retirement Benefits

MMC and its consolidated subsidiaries have defined benefit pension plans including contributory plans in accordance with the Welfare Pension Institute Law of Japan, defined benefit corporate pension plans and lump-sum payment plans, and defined contribution pension plans. Additional retirement benefits are paid in certain cases upon an employee's retirement and similar.

MMC and its certain domestic consolidated subsidiaries transferred part of their retirement benefit plans (tax-qualified pension plans) to the defined contribution pension plans and defined benefit pension plans this year.

Information of multi-employer pension plans included in the above plans for which the required contribution has been accounted for as pension expense was as follows at March 31, 2011 and 2010:

	(In millions of yen)	
	March 31,	
	2011	2010
Pension Plan assets	¥24,702	¥25,127
Benefit obligations under pension plan rules	25,165	24,630
Difference	¥ (463)	¥ 497

The ratio of MMC and its consolidated subsidiaries' payments to total contributions of the multi-employer plans as of March 31, 2011 and 2010 was 58.0%. This ratio is not equal to the ratio of the amount actually contributed by the MMC group.

Defined Benefit Plans

The discount rates used to determine the retirement benefit obligation were 1.5% ~ 2.0% for MMC and its domestic consolidated subsidiaries at March 31, 2012 and 2011, 3.5% ~ 6.2% and 4.6% ~ 8.0% for its foreign consolidated subsidiaries at March 31, 2012 and 2011, respectively. The rates of return on plan assets assumed were 0.7% ~ 4.0% for MMC and its domestic consolidated subsidiaries, 5.0% ~ 8.0% for its foreign consolidated subsidiaries at March 31, 2012 and 2011.

Prior service cost is amortized using the straight line method over periods of 1 to 15 years for the years ended March 31, 2012 and 2011. These periods are within the estimated average remaining service years of the employees.

The amortization period for actuarial gains and losses starts from the subsequent year and actuarial gains and losses are amortized by the straight line method over periods of 5 to 15 years ended March 31, 2012 and 2011. These periods are within the estimated average remaining service years of the employees.

Unrecognized net obligations and assets at the date of initial application are amortized within one year.

The retirement benefit obligation for MMC and its consolidated subsidiaries' employees' defined benefit plans at March 31, 2012 and 2011 are summarized as follows:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2012	2011	2012
Retirement benefits obligation	¥(175,551)	¥(172,469)	$(2,135,918)
Pension plan assets at fair value	61,962	59,607	753,897
Unfunded status	(113,588)	(112,862)	(1,382,020)
Unrecognized actuarial losses	24,600	18,525	299,312
Unrecognized prior service costs	(10,724)	(4,957)	(130,487)
Net recognized retirement benefits obligation	(99,712)	(99,294)	(1,213,195)
Prepaid pension premiums	8,889	7,626	108,162
Provision for retirement benefits	¥(108,602)	¥(106,921)	$(1,321,358)

Some of the consolidated subsidiaries adopt the simplified method for the calculation of retirement benefits obligation.

Pension expenses for MMC and its consolidated subsidiaries' employees' retirement defined benefit plans for the years ended March 31, 2012 and 2011 consisted of the following:

	(In millions of yen)		(In thousands of U.S. dollars)
	For the years ended March 31,		
	2012	2011	2012
Service cost	¥ 7,818	¥ 8,206	$ 95,128
Interest cost	4,177	4,312	50,832
Expected return on plan assets	(3,302)	(3,240)	(40,186)
Amortization of actuarial losses	4,137	3,462	50,345
Amortization of prior service costs	(1,770)	(73)	(21,546)
Pension expenses	¥11,060	¥12,667	$134,573

In addition to the pension expenses above, additional retirement benefits of ¥17 million were paid and recorded as other gain (loss), net for the year ended March 31, 2011. Pension expenses of consolidated subsidiaries, which adopt the simplified method, are included in service cost.

18. Income Taxes

MMC and its domestic consolidated subsidiaries are subject to corporate, resident and enterprise taxes based on their taxable income. Income taxes of the foreign consolidated subsidiaries are generally calculated based on the tax rates applicable in their countries of incorporation. The consolidated tax payment system is applied at March 31, 2012 and 2011.

The effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2012 and 2011 differ from the statutory tax rate for the following reasons:

	(%)	
	For the years ended March 31,	
	2012	2011
Statutory income tax rate for MMC	Information is not presented as the difference between the statutory tax rate and the effective tax rate was less than 5/100 of the statutory tax rate.	40.2
Equity in earnings of affiliates		(7.8)
Dividends received deduction		(2.6)
Difference in tax rate of overseas subsidiaries and others		7.5
Income taxes as a percentage of income before income taxes and minority interests		37.3

The significant components of deferred tax assets and liabilities as of March 31, 2012 and 2011 consisted of the following:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2012	2011	2012
Deferred tax assets:			
Net operating losses carried forward	¥ 153,845	¥ 235,755	$ 1,871,822
Accrued retirement benefits	40,054	44,743	487,342
Allowance for doubtful accounts	3,025	4,704	36,805
Allowance for product warranties	9,728	12,042	118,360
Accounts payable – warranties	3,953	4,460	48,101
Fixed assets (incl. impairment losses)	29,774	31,056	362,260
Others	55,294	52,772	672,770
Less valuation allowance	(269,565)	(355,892)	(3,279,789)
Total deferred tax assets	26,109	29,642	317,673
Deferred tax liabilities:			
Reserves under the Special Taxation Measures Law	(283)	(301)	(3,451)
Unrealized holding gain on securities	(6,115)	(6,994)	(74,406)
Fair value adjustments relating to land	(3,847)	(4,420)	(46,808)
Accelerated depreciation in overseas consolidated subsidiaries	(13,899)	(15,548)	(169,114)
Others	(18,323)	(17,632)	(222,938)
Total deferred tax liabilities	(42,469)	(44,896)	(516,719)
Net deferred tax liabilities	¥ (16,359)	¥ (15,253)	$ (199,046)

Deferred tax assets and liabilities at March 31, 2012 and 2011 are included in the accompanying consolidated balance sheets as follows:

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2011	2011	2011
Current assets	¥ 1,963	¥ 3,218	$ 23,889
Non-current assets	8,889	9,188	108,156
Current liabilities	(238)	(9)	(2,907)
Non-current liabilities	(26,973)	(27,650)	(328,185)
Net deferred tax liabilities	¥(16,359)	¥(15,253)	$(199,046)

The "Act for Partial Revision of the Income Tax Act etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and the "Act for Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117 of 2011) were promulgated on December 2, 2011. The staged reduction of the national corporate tax rate and a special reconstruction corporate tax will apply to corporate taxes effective for the years beginning on or after April 1, 2012.

As a result, the effective statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 40.2% to 37.6% for temporary differences expected to be realized or settled in the period from April 1, 2012 to March 31, 2015 and to 35.2% for temporary differences expected to be realized or settled from the years beginning April 1, 2015. The effect by the change in these tax rates is considered immaterial.

19. Asset Retirement Obligations

(a) Overview

MMC and its consolidated subsidiaries have obligations associated with the restoration and removal of tangible fixed assets at the end of lease term pertaining to certain property lease agreements, and have obligations associated with removal of hazardous substances.

(b) Method for measuring the amount of asset retirement obligations

The useful lives of assets from acquisition or construction date has been estimated ranging from 2 years to 59 years, and the amount of asset retirement obligations has been measured using the discount rates ranging from 0.2 % to 4.4%.

(c) MMC has changed its estimate during this year as it has become clear that the expected removal cost at the time of asset retirement would exceed the original estimate. This change in estimate resulted in an increase of ¥896 million ($10,913 thousand) to the carrying amount of asset retirement obligations. Changes in the amount of asset retirement obligations for the years ended March 31, 2012 and 2011 were as follows:

	(In millions of yen)		(In thousands of U.S. dollars)
	For the year ended March 31,		
	2012	2011	2012
Balance at beginning of year (*)	¥6,358	¥6,288	$77,363
Increase due to the acquisition of property, plant and equipment	24	3	299
Discount accretion expense	125	119	1,532
Decrease due to the settlement of asset retirement obligations	(4)	—	(56)
Increase due to change in estimate	896	—	10,913
Others	13	(53)	160
Balance at end of year	¥7,414	¥6,358	$90,212

(*) Effective April 1, 2010, *"Accounting Standard for Asset Retirement Obligations"* (ASBJ Statement No. 18 issued on March 31, 2008) and the *"Implementation Guidance on Accounting Standard for Asset Retirement Obligations"* (ASBJ Guidance No. 21 issued on March 31, 2008) were adopted. The balance at the beginning of year for the year ended March 31, 2011 was recorded adopting this new standard.

20. Investment and Rental Property

For the years ended March 31, 2012 and 2011, no notes are provided as the amount of the investment and rental property is considered immaterial.

21. Segment Information

(a) Overview of reportable segment

The reportable segments of the Group are components for which discrete financial information is available, and for which operating results are regularly reviewed by MMC's decision making bodies including the Board of Directors to make decisions about resource allocation to the segments and to assess their performance.

The main business of the Group is automobile business, involving development, design, manufacturing and sales of automobiles and component parts. In addition, as financial service business, we engage in sales finance and leasing services for Group products. Accordingly, based on the types of products and services offered, the Group determined "automobile business" and "financial service business" as two reportable segments.

(b) Basis of calculating net sales, income (loss), assets and other amounts of each reportable segment

The accounting policies of the segments are substantially the same as those described in Note 1.

(c) Net sales, income (loss), assets and others of reportable segments

	(In millions of yen)		(In thousands of U.S. dollars)
	For the year ended March 31,		
	2012	2011	2012
Net sales:			
Automobiles	¥1,797,039	¥1,817,949	$21,864,448
Financial services	10,398	10,754	126,523
Total	1,807,438	1,828,704	21,990,972
Adjustment	(144)	(206)	(1,757)
Grand total	¥1,807,293	¥1,828,497	$21,989,214
Segment income (loss):			
Automobiles	¥60,348	¥37,821	$734,251
Financial services	3,471	2,659	42,234
Total	63,819	40,481	776,486
Adjustment	(144)	(206)	(1,757)
Grand total	¥63,674	¥40,274	$774,728
Segment assets:			
Automobiles	¥1,196,328	¥1,234,787	$14,555,647
Financial services	115,396	100,143	1,404,026
Total	1,311,725	1,334,930	15,959,674
Adjustment	9,580	(22,418)	116,571
Grand total	¥1,321,306	¥1,312,511	$16,076,245
Depreciation:			
Automobiles	¥53,806	¥63,136	$654,655
Financial services	2,934	2,726	35,708
Grand total	¥56,741	¥65,862	$690,364
Investment accounted for using the equity method:			
Automobiles	¥42,807	¥45,089	$520,836
Financial services	6,014	5,371	73,177
Total	48,822	50,461	594,014
Adjustment	(625)	(480)	(7,605)
Grand total	¥48,196	¥49,980	$586,408
Capital expenditures:			
Automobiles	¥72,588	¥57,417	$883,182
Financial services	8,715	10,006	106,035
Grand total	¥81,303	¥67,424	$989,218

(Note)
(1) Adjustment represents the elimination of intersegment transactions.
(2) Segment income (loss) agrees to the amount of operating income (loss) presented in the consolidated financial statements.

(Related information)

(a) Information by products and services

The information is not shown here, as the classification is the same as the reportable segment.

(b) Information by geographic region

(1) Net sales

Net sales are classified by the geographical location of the customers.

	(In millions of yen)		(In thousands of U.S. dollars)
	For the year ended March 31,		
	2012	2011	2012
Japan	¥ 357,136	¥ 363,270	$ 4,345,254
North America	195,164	189,846	2,374,558
Europe	474,783	490,030	5,776,657
Asia	395,252	366,483	4,809,005
Oceania	162,027	163,591	1,971,381
Other	222,928	255,275	2,712,357
Total	¥1,807,293	¥1,828,497	$21,989,214

(Note)
Main countries and regions outside Japan are grouped as follows:
(1) North America .... The United States
(2) Europe .... The Netherlands, Italy, Germany, Russia, Ukraine
(3) Asia .... Thailand, Malaysia, Taiwan, China
(4) Oceania .... Australia, New Zealand
(5) Other .... U.A.E., Puerto Rico

(2) Property, plant and Equipment

	(In millions of yen)		(In thousands of U.S. dollars)
	March 31,		
	2012	2011	2012
Japan	¥282,100	¥300,902	$3,432,292
Other	94,636	82,661	1,151,439
Total	¥376,736	¥383,564	$4,583,731

(Supplementary information)

Net sales and operating income (loss) classified by the geographic location of MMC and its consolidated subsidiaries

	(In millions of yen)		(In thousands of U.S. dollars)
	For the year ended March 31,		
	2012	2011	2012
Net sales:			
Japan	¥1,515,165	¥1,557,329	$18,434,910
North America	188,705	182,013	2,295,966
Europe	203,692	223,740	2,478,306
Asia	448,171	410,001	5,452,874
Oceania	162,151	163,796	1,972,890
Other	24,981	29,609	303,948
Total	2,542,867	2,566,491	30,938,896
Adjustment	(735,574)	(737,993)	(8,949,682)
Grand total	¥1,807,293	¥1,828,497	$21,989,214
Operating income (loss):			
Japan	¥ 25,796	¥ (13,342)	$ 313,865
North America	1,249	(2,972)	15,207
Europe	8,442	18,629	102,717
Asia	35,296	35,284	429,447
Oceania	1,363	5,193	16,588
Other	1,090	1,902	13,267
Total	73,239	44,695	891,094
Adjustment	(9,564)	(4,421)	(116,366)
Grand total	¥ 63,674	¥ 40,274	$ 774,728

(Note)
Main countries and regions outside Japan are grouped as follows:
(1) North America .... The United States
(2) Europe .... The Netherlands, Germany, Russia,
(3) Asia .... Thailand, The Philippines
(4) Oceania .... Australia, New Zealand
(5) Other .... U.A.E., Puerto Rico

Information on major customers

	For the year ended March 31,	
	2012	2011
Customer:	Mitsubishi Corporation	Mitsubishi Corporation
Net sales:	¥296,529 million ($3,607,855 thousand)	¥303,109 million
Relevant segment	Automobiles	Automobiles

Information on impairment losses relating to property, plant equipment by reportable segments

	(In millions of yen)		(In thousands of U.S. dollars)
	For the year ended March 31,		
	2012	2011	2012
Impairment loss:			
Automobiles	¥16,336	¥2,977	$198,764
Financial services	—	—	—
Total	¥16,336	¥2,977	$198,764

Information on the amortization and balance of goodwill by reportable segments

No significant items to be reported for the years ended March 31, 2012 and 2011.

Information on gain on negative goodwill by reportable segments

Not applicable for the year ended March 31, 2012 and no significant items to be reported for the year ended March 31, 2011.

22. Related Party Transactions

MMC entered into the following transactions with related parties during the years ended March 31, 2012 and 2011:

Related Party Transactions

Transactions between MMC and the Related Parties

(a) Transaction with the parent or major shareholder (major corporate shareholder) of the reporting company (MMC)

	March 31, 2012
Party type:	Major shareholder
Party name:	Mitsubishi Corporation
Address:	Chiyoda-Ku, Tokyo, Japan
Capital:	¥204,447 million ($2,487,492 thousand)
Business:	Wholesale trading
% of voting stock held:	Direct 13.99 Indirect 0.00
Relationship with the Related Party:	Sales of products; import of materials for production; mutual directorships
Detail of transaction:	Sales of products
Transaction amount:	¥296,523 million ($3,607,785 thousand)
Account title:	Accounts receivable
Balance at year end:	¥19,626 million ($238,798 thousand)

	March 31, 2011
Party type:	Major shareholder
Party name:	Mitsubishi Corporation
Address:	Chiyoda-Ku, Tokyo, Japan
Capital:	¥203,598 million
Business:	Wholesale trading
% of voting stock held:	Direct 13.99 Indirect 0.00
Relationship with the Related Party:	Sales of products; import of materials for production; mutual directorships
Detail of transaction:	Sales of products
Transaction amount:	¥303,051 million ($3,644,632 thousand)
Account title:	Accounts receivable
Balance at year end:	¥12,095 million

(b) Transactions with unconsolidated subsidiaries and affiliates of the reporting company (MMC)

	March 31, 2012
Party type:	Affiliate
Party name:	JATCO Ltd.
Address:	Fuji, Shizuoka, Japan
Capital:	¥29,935 million ($364,220 thousand)
Business:	Development, manufacture and sale of transmissions and automobile components
% of voting stock held:	Direct 15.04
Relationship with the Related Party:	Purchase of automobile components; mutual directorships
Detail of transaction:	Purchase of automobile components
Transaction amount:	¥73,553 million ($894,923 thousand)
Account title:	Accounts payable
Balance at year end:	¥15,696 million ($190,980 thousand)

No significant items to be reported for the year ended March 31, 2011

(Note)
1. Consumption tax is excluded from transaction amount and included in the balance at year end.
2. Contract terms and the policy to determine the contract terms: Sales price of products is determined based on market price and overall cost. Purchase price of automobile components is determined based on estimated cost, current component price, and market prices of each component.

23. Income and Equity per Share

Net income and equity per share of common stock for the years ended March 31, 2012 and 2011 are summarized as follows:

	(In yen)		(In U.S. dollars)
	March 31,		
	2012	2011	2012
Net income (loss) per share of common stock			
Basic	¥4.32	¥2.82	$0.05
Diluted	2.40	1.66	0.03
Stockholders' equity per share of common stock	(32.61)	(35.90)	(0.40)

The computations of net income per share of common stock for the years ended March 31, 2012 and 2011 are as follows:

	(In millions of yen)		(In thousands of U.S. dollars)
	For the years ended March 31,		
	2012	2011	2012
Numerator for basic net income (loss) per share of common stock:			
Net income (loss)	¥23,928	¥15,621	$291,137
Income not available to common stockholders	—	—	—
Income available to common stockholders	¥23,928	¥15,621	$291,137
Denominator for net income (loss) per share of common stock:			
Weighted average number of shares (in thousands)	5,537,863	5,537,867	
Number of dilutive potential common shares (in thousands)	4,421,266	3,880,647	
(Preferred stock)	(4,421,266)	(3,880,647)	

24. Business Combinations

There were no significant business combinations during the years ended March 31, 2012 and 2011.

25. Subsequent Event

MMC sold its shares in GAC Changfeng Motor Co., Ltd to Guangzhou Automobile Group Co., Ltd. on May 25, 2012. MMC expects to record ¥11,401 million ($138,725 thousand) as Gain on sales of investment securities in Other gain (loss), net for the year ending March 31, 2013.

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Independent Auditor's Report

The Board of Directors
Mitsubishi Motors Corporation

We have audited the accompanying consolidated financial statements of Mitsubishi Motors Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2012, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mitsubishi Motors Corporation and consolidated subsidiaries as at March 31, 2012, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

We draw attention to Note 25. Subsequent Event to the consolidated financial statements, which describes that Mitsubishi Motors Corporation sold its shares in GAC Changfeng Motor Co., Ltd to Guangzhou Automobile Group Co., Ltd. on May 25, 2012. Our opinion is not qualified in respect of this matter.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

June 26, 2012 Ernst & Young ShinNihon LLC

Consolidated Subsidiaries and Affiliates As of March 31, 2012

	Company	Incorporated in
Consolidated subsidiaries		
	Hokkaido Mitsubishi Motors Sales Co., Ltd.	Japan
	Higashi Nihon Mitsubishi Motors Sales Co., Ltd.	Japan
	Kanto Mitsubishi Motors Sales Co., Ltd.	Japan
	Chubu Mitsubishi Motors Sales Co., Ltd.	Japan
	Nishi Nihon Mitsubishi Motors Sales Co., Ltd.	Japan
	Mitsubishi Motors Parts Sales Co., Ltd.	Japan
	Pajero Manufacturing Co., Ltd.	Japan
	Mitsubishi Automotive Accessories & Products Co., Ltd.	Japan
	Mitsubishi Automotive Logistics Technology Co., Ltd.	Japan
	Mitsubishi Automotive Engineering Co., Ltd.	Japan
	Suiryo Plastics Co., Ltd.	Japan
	Mitsubishi Motors North America, Inc. (MMNA)	U.S.A.
	Mitsubishi Motors R&D of America, Inc. (MRDA)	U.S.A.
	Mitsubishi Motor Sales of Canada, Inc. (MMSCAN)	Canada
	Mitsubishi Motors Credit of America, Inc. (MMCA)	U.S.A.
	Mits ubishi Motor Sales of Caribbean, Inc. (MMSC)	Puerto Rico
	Mitsubishi Motors Europe B.V. (MME)*2	Netherlands
	Mitsubishi Motor R&D Europe GmbH (MRDE)	Germany
	Mitsubishi Motor Sales Netherlands B.V.	Netherlands
	Mitsubishi Motors Deutschland GmbH	Germany
	MMC International Finance (Netherlands) B.V.	Netherlands
	Netherlands Car B.V. (NedCar)*2	Netherlands
	Mitsubishi Motors Australia, Ltd. (MMAL)*2	Australia
	Mitsubishi Motors New Zealand Ltd. (MMNZ)	New Zealand
	Mitsubishi Motors (Thailand) Co., Ltd. (MMTh)*2	Thailand
	MMTh Engine Co., Ltd.	Thailand
	Mitsubishi Motors Philippines Corp. (MMPC)	Philippines
	Asian Transmission Corp. (ATC)	Philippines
	Mitsubishi Motors Middle East and Africa FZE	U.A.E.
	Note: MMC has 25 other subsidiaries outside Japan in addition to the above.	
Equity method affiliates		
	Muroran Mitsubishi Motors Sales Co., Ltd.	Japan
	Tokachi Mitsubishi Motors Sales Co., Ltd.	Japan
	Ibaraki Mitsubishi Motors Sales Co., Ltd.	Japan
	Meihoku Mitsubishi Motors Sales Co., Ltd.	Japan
	Mie Mitsubishi Motors Sales Co., Ltd.	Japan
	Kagawa Mitsubishi Motors Sales Co., Ltd.	Japan
	Miyazaki Mitsubishi Motors Sales Co., Ltd.	Japan
	Higashi Kanto MMC Parts Sales Co., Ltd.	Japan
	NMKV Co., Ltd	Japan
	MMC Diamond Finance Corp.	Japan
	Mitsubishi Motors do Portugal S.A.	Portugal
	Vina Star Motors Corporation	Vietnam
	Note: MMC has 12 other affiliates outside Japan in addition to the above.	

Other associated company

	Company	Incorporated in
	Mitsubishi Heavy Industries, Ltd. Japan	Japan

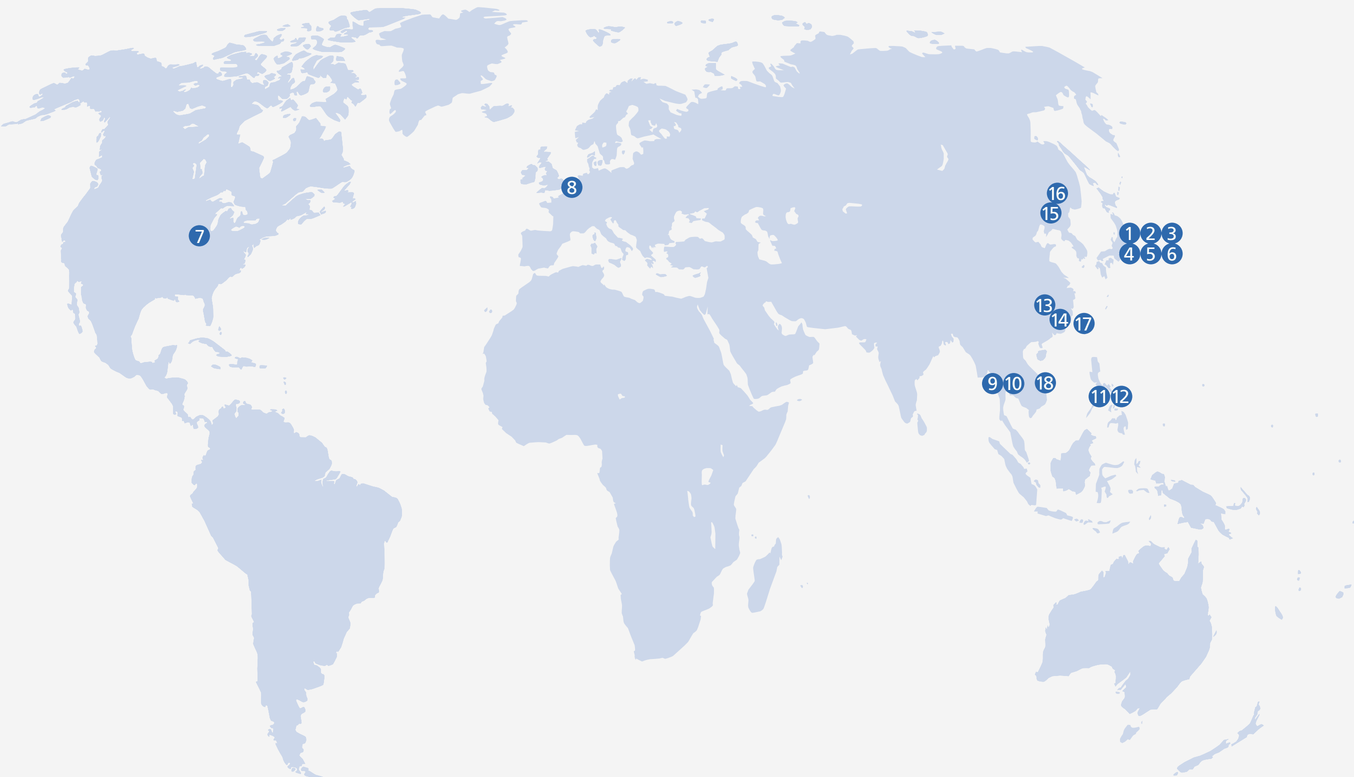
* 1. Figures in parentheses represent indirect shares.
2. Specified subsidiaries.

Capitalization (In millions)	Business Lines	MMC Share of Voting Rights (%)*1
JPY 100	Automobile sales	100.0
JPY 100	Automobile sales	100.0
JPY 100	Automobile sales	100.0
JPY 100	Automobile sales	100.0
JPY 100	Automobile sales	100.0
JPY 100	Automobile parts sales	100.0 (30.8)
JPY 610	Automobile and parts manufacture, sales	100.0
JPY 300	Sales of automobile accessories, air conditioners	100.0
JPY 436	Automobile inspection, maintenance, transport, storage and packaging	82.8
JPY 350	Design and testing of automobiles and parts	100.0
JPY 100	Manufacture, sales of automobile parts	100.0
USD 398.8	Automobile importing, manufacturing, sales	100.0
USD 2.0	Product development, design, testing, certification	100.0 (100.0)
USD 1.3	Automobile importing, sales	100.0 (100.0)
USD 260.0	Automobile financing, leasing	100.0 (100.0)
USD 47.5	Automobile importing, sales	100.0
EUR 1282.9	Importing, sales of parts	100.0
EUR 0.8	Product development, design, testing, certification	100.0 (100.0)
EUR 6.8	Automobile importing, sales	100.0 (100.0)
EUR 30.0	Automobile importing, sales	100.0 (100.0)
EUR 0.1	Procurement of funds, group company financing	100.0
EUR 250.0	Manufacturing, sales of automobiles and parts	100.0 (15.0)
AUD 1,789.9	Automobile importing, sales	100.0
NZD 48.0	Automobile importing, sales	100.0
THB 7,000.0	Automobile importing, assembly, sales	100.0
THB 20.0	Manufacturing of automobile engines and press parts	100.0 (100.0)
PHP 1,640.0	Automobile importing, assembly, sales	51.0
PHP 770.0	Manufacturing of automobile transmissions	94.7 (89.4)
UAD 10.0	Importing, sales of automobile parts	100.0

JPY 100	Automobile sales	29.0 (29.0)
JPY 60	Automobile sales	35.0
JPY 30	Automobile sales	40.0
JPY 70	Automobile sales	28.6
JPY 58	Automobile sales	24.8
JPY 50	Automobile sales	23.0
JPY 60	Automobile sales	38.8
JPY 100	Automobile parts sales	33.0 (10.0)
JPY 10	Automobile planning and engineering	50.0
JPY 3,000	Auto sales financing, leasing, rentals	47.0
EUR 16.5	Automobile importing, sales	50.0 (50.0)
USD 16.0	Manufacture and marketing of automobiles and parts	25.0

Capitalization (In millions)	Business Lines	MMC Share of Voting Rights (%)*1
JPY 265,608	Shipbuilding & ocean systems development, power systems, machinery & steel structures, aerospace, general machinery and special vehicles and others	15.7 (0.5)

Principal Production Facilities



Country/Region	Name	Major Products
Japan	1. Nagoya Plant–Okazaki	Outlander, ASX (RVR)
	2. Mizushima Plant	i-MiEV, Outlander, Lancer (Galant Fortis), i, Toppo, eK Wagon, Minicab, MINICAB-MiEV
	3. Pajero Manufacturing Co., Ltd.	Pajero (Montero), Delica D:5
	4. Powertrain Plant–Kyoto	Engines
	5. Powertrain Plant–Shiga	Engines
	6. Powertrain Plant–Mizushima	Engines, transmissions
U.S.A.	7. Mitsubishi Motors North America, Inc. (MMNA)	Outlander Sport (RVR)
Netherlands	8. Netherlands Car B.V. (NedCar)	Colt (European model), Outlander
Thailand	9. Mitsubishi Motors (Thailand) Co., Ltd. (MMTh)	Mirage, Triton, Pajero Sport, Lancer
	10. MMTh Engine Co., Ltd. (MEC)	Engines
Philippines	11. Mitsubishi Motors Philippines Corporation (MMPC)	Adventure, L300 (Delica), Lancer
	12. Asian Transmission Corporation (ATC)	Transmissions
China	13. GAC Changfeng Motor Co., Ltd. (GACCF)	Pajero
	14. South East (Fujian) Motor Co., Ltd. (SEM)	Galant, Lancer, Zinger
	15. Shenyang Aerospace Mitsubishi Motors Engine Manufacturing, Co., Ltd. (SAME)	Engines
	16. Harbin Dongan Automotive Engine Manufacturing, Co., Ltd. (DAE)	Engines, transmissions
Taiwan	17. China Motor Corporation (CMC)	Colt Plus, Lancer Fortis, Outlander, Zinger, Delica
Vietnam	18. Vina Star Motors Corporation (VSM)	Zinger, Pajero Sport

Investor Information As of March 31, 2012

Company Name	MITSUBISHI MOTORS CORPORATION
Head Office	5-33-8, Shiba, Minato-ku, Tokyo 108-8410, Japan Telephone: +81-3-3456-1111
Established	April 22, 1970
Capital	¥657,355,059,926
Number of Employees	Consolidated: 30,777 Non-consolidated: 12,720
Stock Listing	Tokyo Stock Exchange
Securities Code	7211
Share Trading Unit	1,000 common shares; 1 preferred share
Number of Shares Outstanding	5,538,394,433

Number of Shareholders

Type	Number of issued shares	Number of shareholders
COMMON SHARES	5,537,956,840	372,188
PREFERRED SHARES		
First Series Class A	73,000	4
Second Series Class A	25,000	7
Third Series Class A	1,000	1
First Series Class G	130,000	2
Second Series Class G	168,393	3
Third Series Class G	10,200	1
Fourth Series Class G	30,000	1

Major Shareholders (Common Shares)

Name	Number of shares held (thousands)	% of total
Mitsubishi Heavy Industries, Ltd.	839,966	15.16
Mitsubishi Corporation	774,835	13.99
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	269,024	4.85
Japan Trustee Services Bank, Ltd. (Trust account)	100,860	1.82
The Master Trust Bank of Japan, Ltd. (Trust account)	57,534	1.03
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo branch)	46,131	0.83
MLPFS Custody Account (Standing proxy: Merrill Lynch Japan Securities Co., Ltd.)	38,699	0.69
Japan Trustee Services Bank, Ltd. (Trust account 1)	34,830	0.62
Japan Trustee Services Bank, Ltd. (Trust account 6)	33,632	0.60
STATE STREET BANK WEST CLIENT-TREATY (Standing proxy: Mizuho Corporate Bank, Ltd. Custody & Proxy Dept.)	32,408	0.58
Total	2,227,921	40.22

Transfer Agent and Register

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(Contact)
Mitsubishi UFJ Trust and Banking Corporation Transfer Agent
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