

ANNUAL REPORT 2017

For the year ended March 31, 2017

mitsubishi motors corporation



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.

### 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.

### 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.

### Importance of continuity

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

### Cover Story



Our new-model compact SUV, the *Eclipse Cross*, is an SUV with signature Mitsubishi styling that fuses the sharp form of a coupe with the dynamic mobility of an SUV. Other distinguishing features are its design that motivates the driver to get out and go, connectivity that inspires fun new adventures, and all-wheel control technology that delivers an enjoyable, reassuring feel that elevates the driving experience.





MITSUBISHI GT-PHEV Concept

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## 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.

### 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.

# Mitsubishi Motors has made a strong and fast start toward sustainable and profitable growth as a member of the Renault–Nissan Alliance.

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In Mitsubishi Motors' first annual report since I became Chairman, I am pleased to be able to tell you that your Company has made a positive start on a new chapter in its history that will bring renewed dynamism and growth.

The Company's workforce and management are working to build on Mitsubishi Motors' strengths in four-wheel-drive and sport-utility vehicles. We are investing more in research and development to expand our product line-up and launch attractive new models. This fiscal year, for example, the Company will launch the *Eclipse Cross*, which we hope will become a flagship for the Mitsubishi brand. We opened our new plant in Indonesia in April 2017, and are expanding operations in the ASEAN region.

Last October, Nissan Motor Co. Ltd ("Nissan") completed its 237 billion yen purchase of a 34% stake in the shares of Mitsubishi Motors, becoming the Company's largest shareholder. At the same time, Mitsubishi Motors became a full member of the Renault–Nissan Alliance ("the Alliance"), which is now the industry's top-class group with 10 million unit sales per year.

In fiscal 2016, Mitsubishi Motors posted an operating loss of ¥31.6 billion in the first half because of the fuel economy controversy. This was a difficult episode that highlighted the need for Mitsubishi Motors to embrace the changes that

management are now implementing across the Company.

However, in the second half we recorded operating income of ¥36.7 billion and achieved an operating margin of 3.5%, enabling us to remain in the black for the full year at the operating level. This is the beginning of what we are calling a V-shaped recovery. Mitsubishi Motors' ability to return to profitability in such a short time was due to the internal reforms it commenced as a member of the Alliance, which generated fast results.

The Alliance creates synergies and value through a partnership of companies working in harmony and mutual respect. The founding principle of the Alliance is to create a platform that allows each company to maximize the synergies and grow without damaging brand identities. The Alliance is an enabler and accelerator for Mitsubishi Motors to do things we could never have done alone. It provides tools — technology, vehicle platforms, and purchasing and manufacturing power—that each member company can pick and choose, as needed, to enhance their performance. The resulting economies of scale enable us to hold down cost of sales and optimize investments. The Alliance gives us access to a larger pool of vehicle platforms and innovative technology. It will also allow us to identify best practices and stimulate higher performance by benchmarking against Renault and Nissan.

Specifically, the Company can expect to benefit from synergies in six areas:

- Joint plant utilization
- Joint purchasing,
- Deeper localization,
- Common vehicle platforms,
- Technology sharing, and
- Expanded market presence.

Mitsubishi Motors' participation in the Alliance has started well, but there is still much work to be done. More than 30 cross-company teams are exploring initiatives to improve the performance of the Company further. We expect more of this work to start bearing fruit in the years ahead.

We are currently finalizing our next mid-term plan to the end of fiscal 2019. We look forward to sharing more details of our plan later this year.

August 2017



A handwritten signature in black ink, which appears to read 'Carlos Ghosn'. The signature is stylized and written in a cursive-like font.

**Carlos Ghosn**  
Chairman of the Board

## Message from the CEO

All our efforts are focused on achieving sustainable increases in corporate value.

Since Nissan Motor invested in Mitsubishi Motors Corporation last autumn, we have responded to the challenge of transforming ourselves through a new way of thinking. Without taking our eyes off the path of reform, we will invest in growth, leverage our alliance with Nissan Motor to expand our scale of business, and achieve a V-shaped recovery in profitability. At the same time, we will strive to ensure sound free cash flow and stable returns to shareholders. We are putting all our efforts into achieving sustainable increases in corporate value through disciplined management.



## Progress on internal reforms

With a new management team under Chairman Ghosn, MMC has swiftly undertaken internal reforms that left no stone unturned. To tackle the historic issue of improper conduct in fuel economy testing, we established 31 preventive measures, all of which had been implemented by April 2017. Specifically, we have established the Global Risk Control Department and enhanced our internal training system in an effort to transform awareness and prevent improper conduct. Going forward, we will continue to improve the effectiveness of our controls and make every effort to prevent any recurrence.

As part of our reorganization under a new corporate framework, we clarified the responsibilities of each member of management and revised the executive structure, delegating authority and accelerating decision-making. We have introduced a PDCA (plan-do-check-act) cycle to manage monthly profit and loss more effectively. We revised management evaluation and compensation systems, and hired management talent from Nissan Motor. We have improved internal communications, creating a town hall meeting format to allow senior management to brief employees. Through these efforts, we are building a management foundation for future growth.

## Moving toward sustainable growth

For MMC to achieve sustainable growth, boosting sales is essential. We are moving forward aggressively with product development, and will consistently launch new models in to reinforce our vehicle lineup. We will enhance our brand through a more robust marketing strategy, and by improving quality in both development and production.

Through more vigorous monthly management of profit and loss, we aim to improve the ability of Mitsubishi Motors to generate profits.

We are determined to improve business efficiency on an ongoing basis. By working with Nissan Motor, we will concentrate on conserving costs and sharing development resources, and expect to accelerate the generation of synergies over the short and medium term.

Through the Renault–Nissan–MMC alliance, we are now part of a top-class industry group that sells some 10 million

vehicles annually. The power of the Alliance will increase our opportunities in such areas as product development, purchasing, technology, production, market expansion and services. By accessing the Alliance’s assets in new technology areas—autonomous driving, connected cars and electrification—Mitsubishi Motors has the chance to maximize its potential by providing customers with more attractive products.

In October 2017 we will launch our global strategic vehicle, the *Eclipse Cross*, with the first shipments in Europe. We expect the *Eclipse Cross*, which has been praised for its stylish coupe form, to become a mainstay SUV brand for Mitsubishi Motors.

In September 2017 we plan to begin producing compact Multi-Purpose Vehicles at our new plant in Bekasi Prefecture, Indonesia, which is already making the *Pajero Sport*. The new MPV, *Xpander*, is a strategically important model for export to ASEAN countries. We expect to begin selling the *Xpander* in Indonesia in October.

## Future ambitions for growth

For the past several years, we have been selling around 1 million vehicles annually. As a medium-term growth target, we aim to increase this figure by around 25%, to 1.25 million vehicles, by the year ending March 31, 2020. Through this initiative and improved management efficiency, we intend to return our operating profit margin to around 6%—the level we achieved prior to the emergence of the fuel economy testing issue. At the same time, we will strive to ensure sound free cash flow and provide stable shareholder returns. We are currently formulating our mid-term business plan, and we will announce the plan’s targets and other details once it is complete.

We are putting all our efforts into achieving sustainable increases in corporate value through disciplined management. I ask our shareholders for your ongoing support and guidance.



Osamu Masuko  
Member of the Board  
Representative Director  
CEO

## Message from the CFO



This year, we will work to increase net sales while investing toward future growth.

**Koji Ikeya**  
Member of the Board  
Executive Vice President (Finance, Controlling & Accounting)  
CFO

### Performance in the Year Ended March 31, 2017

In the first half of the year ended March 31, 2017, we recorded an operating loss of ¥31.6 billion due to the impact of exchange rates, increased expenditure on market quality measures and the issue of improper conduct in fuel economy testing. In the second half, we recorded an operating profit of ¥36.7 billion, causing the operating profit margin to recover to a positive 3.5%, and bringing us ¥5.1 billion into the black for the full year on an operating basis.

This turnaround was largely due to the change in management style that accompanied Nissan Motor's investment in the Company in October 2016. We clarified the responsibilities of each member of management to accelerate decision-making. In addition, we made changes to the management framework, such as introducing a PDCA (plan-do-check-act) cycle to manage monthly profit and loss more effectively. Furthermore, we revised the

management evaluation and compensation systems and hired management talent from Nissan Motor.

### Outlook for the Year Ending March 31, 2018

For the year ending March 31, 2018, we forecast net sales of ¥2 trillion, up ¥93.4 billion year on year; operating profit of ¥70.0 billion, up ¥64.9 billion; ordinary profit of ¥79.0 billion, up ¥70.1 billion; and net income attributable to owners of the parent company of ¥68.0 billion (compared with a loss of ¥198.5 billion in the year ended March 31, 2017). In the first full year since implementing Mitsubishi Motors' recovery program, we thus plan to record net income attributable to owners of the parent close to the level we achieved in the year ended March 31, 2016.

In addition to bolstering net sales, in the year ending March 31, 2018, we will invest aggressively in future growth—an area in which we have been lacking to date. By

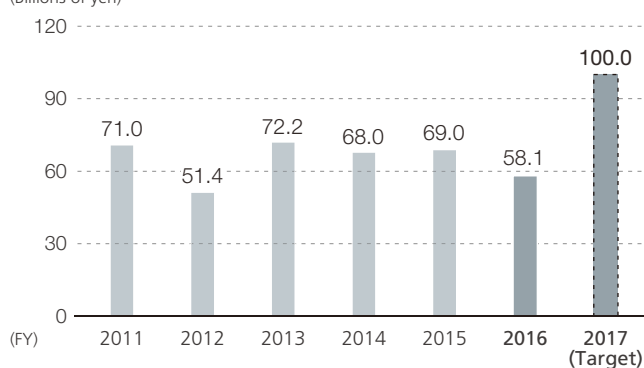
### Operating Performance and Forecast

(Billions of yen, thousands of units)

	FY2016 (Actual)	FY2017 (Forecast)
Sales volume (retail)	926	1,029
Net sales	1,906.6	2,000.0
Operating income	5.1	70.0
Net income attributable to owners of the parent	(198.5)	68.0

### Capital Expenditures

(Billions of yen)





creating region-specific business plans and a new product launch schedule, we plan to increase unit sales in the ASEAN region, North Asia and Japan. In particular, we plan to increase sales of the models being produced at our new factory in Indonesia, which commenced operations in 2017, as well as of the *Outlander*, which is selling favorably in China. In Japan, our brand suffered damage due to the issue of improper conduct in fuel economy testing. In addition to efforts to recover the trust of our customers and continuing sales promotion initiatives, in the second half we will launch the new *Eclipse Cross*, which we expect to augment sales.

**Financial Strategy**

Our goal going forward will be to secure solid cash flow and, after making necessary investments, provide ample shareholder returns.

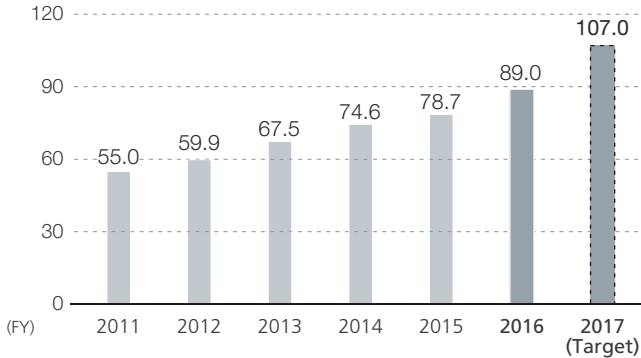
Thanks to the initiatives of the past 10 years, Mitsubishi

Motors is financially sound. However, with the demands of environmental regulations and technology development continuing to rise, we have not always allocated enough of our resources toward development.

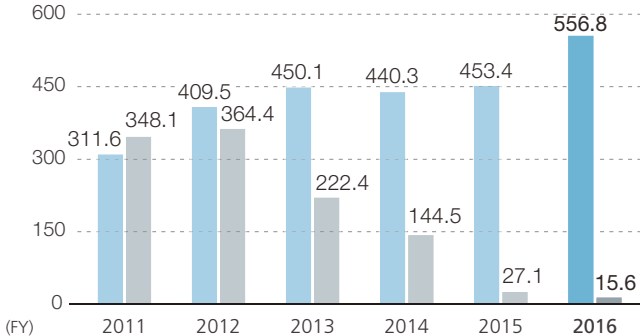
From the year ending March 31, 2018, we will direct surplus funds toward increasing development investment and capital expenditure in the areas of technology, new product development and the reinforcement of product appeal, with a view to accelerating future growth.

We plan to generate stable future earnings by investing in existing businesses in such countries as Indonesia and the Philippines and in existing models. We will also make investments in preparation for the future and in technologies that are changing automobiles themselves, such as autonomous driving, artificial intelligence (AI) and the Internet of Things (IoT).

**R&D Expenses**  
(Billions of yen)



**Cash and Deposits/Interest-Bearing Debt**  
(Billions of yen)



## Special Feature: Setting up Production Facilities in Asia

We are concentrating on building a production structure to reinforce our presence in Asia.

MMC began local production of the *Mirage G4* at its plant in the Philippines in February 2017, followed by the start of production of the *Mirage* in May. Additionally, in April 2017 we began operations at our new plant in Indonesia, where we commenced production of the *Pajero Sport*, one of our main models. In autumn of 2017, we plan to begin producing the *Xpander* there, as well. In Thailand, which is home to MMC's largest production facility in the ASEAN region, the Company is leveraging its alliance with Nissan Motor in the aim of further increasing productivity and making this plant a cornerstone of its global production facilities. These efforts to put in place the Company's production structure boosted MMC's production capacity in the ASEAN region to above 600,000 vehicles, accounting for more than 40% of global production capacity.

Meanwhile, we began producing the *Outlander* in China in October 2016. In addition to bolstering cost competitiveness, this move should help create momentum for expanding sales of MMC's strategic model. We are also pursuing a project to manufacture engines locally, which we plan to begin doing in December 2018.



The *Xpander*, a next-generation crossover MPV slated for production in Indonesia

### Commencing Local Production of the *Outlander* in China

August 2016 marked the start of local production in China of the *Outlander* by GAC Mitsubishi Motors Co., Ltd., a Japanese–Chinese joint venture for automobile production and sales. Following its establishment in September 2012, GAC Mitsubishi Motors has produced the *ASX* and *Pajero Sport*, serving an important role as a production and sales base in China. By commencing local production of the *Outlander*, we intend to reinforce our product rollout and expand our sales of SUVs, which are enjoying particularly robust growth in the Chinese automobile market.

Chinese market demand has expanded to 28 million vehicles, accounting for one-third of the global total. As MMC’s share of the market is low, we see this as an opportunity to expand our sales in the market.



*Outlander*

### Starting Production in the Philippines of the *Mirage G4* and the *Mirage*

We are working proactively to increase our business in the Philippines, where the economy is robust. In May 2015, the government of the Philippines announced the Comprehensive Automotive Resurgence Strategy (CARS) Program, aimed at bolstering the country’s international competitiveness in automobile production. Supported by this program, MMC began producing the *Mirage G4* in the country in February 2017. In May 2017, we also began manufacturing the *Mirage* there, and we anticipate increased sales in the country.



Vehicle plant in the Philippines



### Launching Production at the Bekasi Plant in Indonesia

Production began in April 2017 at the Bekasi Plant of PT. Mitsubishi Motors Krama Yudha Indonesia, a manufacturing joint venture. Through production at this new plant, we intend to boost our presence in Indonesia and throughout the ASEAN region. The Bekasi Plant has an annual production capacity of 160,000 vehicles. Starting with our SUV, the *Pajero Sport*, next we plan to begin producing our seven-seater *Xpander* there in autumn 2017.

Home to 260 million people, Indonesia is the world’s fourth most populous country. At the same time, car ownership there is lower than in China, at 78 vehicles per 1,000 people, and less than half that of Thailand. As its economy grows, we believe the Indonesian market will see explosive growth in demand for passenger cars.



Bekasi Plant in Indonesia



Plant opening ceremony

## Introducing a New Model

We are launching the *Eclipse Cross*, our new-model compact SUV that is a fusion of sharp coupe looks and dynamic SUV mobility.

Our new-model compact SUV, the *Eclipse Cross*, is a fusion of sharp coupe looks and dynamic SUV mobility with signature MMC styling and performance. Distinguished by its athletic wedge profile and spare sophistication, the *Eclipse Cross* also has a futuristic cockpit, connectivity that inspires fun new adventures, and all-wheel control technology that delivers an enjoyable, reassuring feel and elevates the driving experience. Sales in Europe will begin in 2017, after which we plan a global rollout to Japan, North America, Australia and other regions.



MMC's DYNAMIC SHIELD front design concept emphasizes the front end's functionalities aimed at protecting both people and the car itself.





The color Head Up Display unit makes driving safer by presenting vehicle speed, data from the active safety systems and other necessary information that minimizes eye movement and provides instant readability.



Smartphone Link Display Audio lets the driver search for directions, make calls, access text messages and listen to music, all in a way that allows them to stay focused on the road.



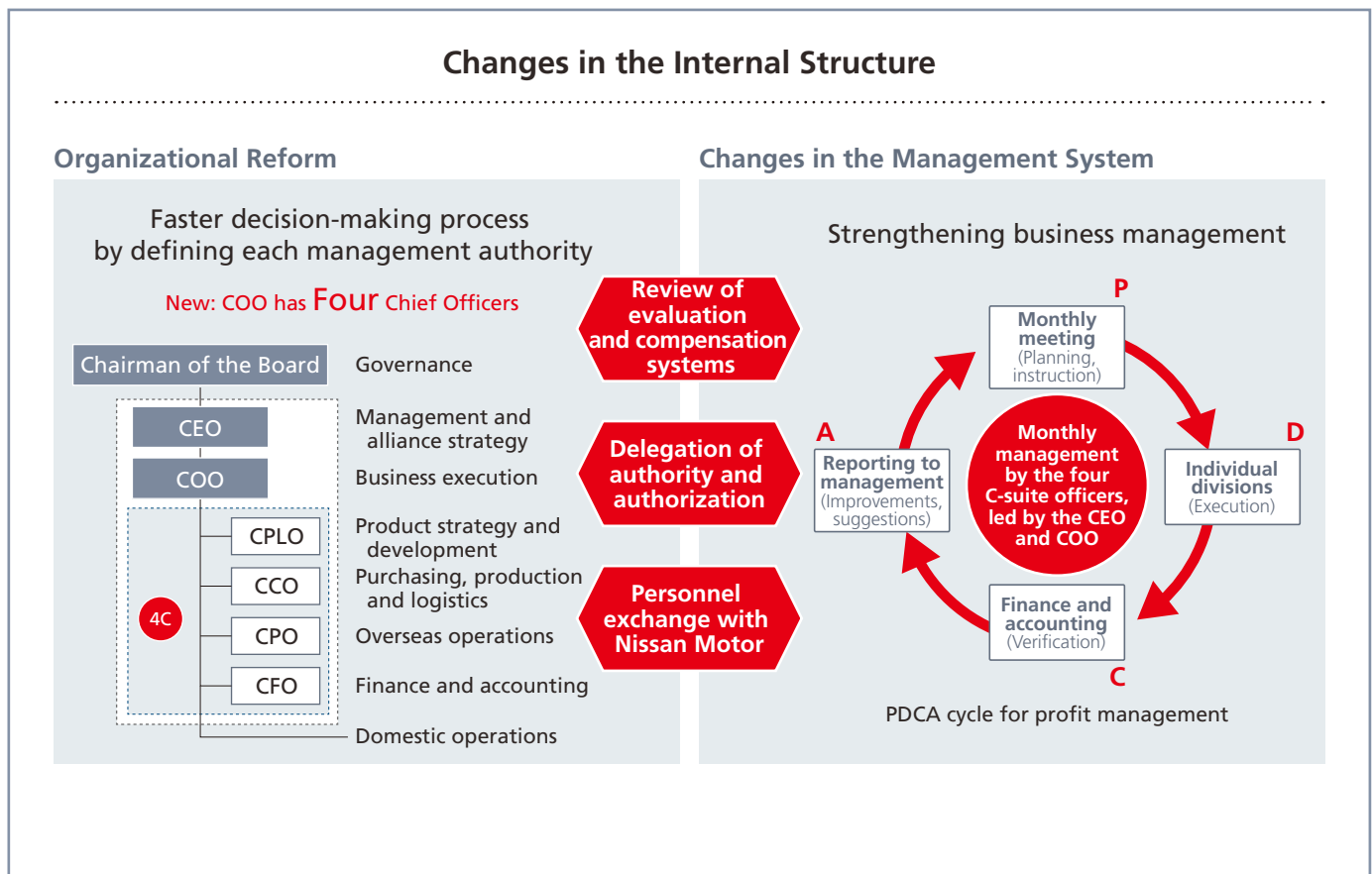
## Efforts to Recover Trust

# We are introducing thorough internal reforms in an effort to recover trust.

On top of past quality issues, the company recognizes the improper conduct in fuel consumption testing as a serious matter, and we have undertaken major reforms as well as strengthening our internal controls and governance.

In order to facilitate communications and accelerate decision-making, the Company's formerly pyramid-shaped organization has been restructured along functional lines. This has flattened the Company's organization and simplified our hierarchy. In addition, with the purpose of making decision-making more efficient and clarifying responsibilities, the Company has changed the party delegated with authority by the Board of Directors from the Executive Committee

to the CEO. It has positioned the Executive Committee as an advisory body for the CEO, and enacted detailed rules for the delegation of authority at each level of the corporate hierarchy. The Company also appointed an officer in charge of Global Risk Control to manage compliance and operational risk and to report periodically to the Board of Directors on measures to improve governance. To strengthen and improve the efficiency of the handling of various internal controls pursuant to laws and regulations, the company created a system under which internal controls for financial reporting under the Financial Instruments and Exchange Act will be handled by the J-SOX Promotion Committee directly under the Chief



Financial Officer. Internal controls pursuant to the Companies Act will be promoted through the newly created Internal Control Committee chaired by the CEO. We are also working to change the management framework through initiatives such as thoroughly managing monthly profits and through repetition of the PDCA cycle.

A Structural Reform Promotion Office established on July 1, 2016 has enabled the Company to ensure that its revised development process was implemented effectively, along with other measures among the 31 outlined above to prevent recurrence of the fuel-testing controversy. The Company is also implementing major structural reforms as

part of Performance Revolution (PRev) activities. PRev activities are focused mainly in the product development sections where the improper conduct was uncovered, and they create a framework for internal organizational, structural, cultural, and technological reforms. These activities are now being expanded outside of the product development sections.

In future, the company will place the highest priority on compliance, and we will make continued efforts to recover the trust of customers and society by strengthening our governance further, and by improving and perfecting the appropriateness and efficiency of our legal compliance and business execution.

## Employees Undertake Improvements Themselves through “Performance Revolution” (PRev) Activities

In July 2016, we set up 37 cross-divisional teams among employees from the product strategy, development, design and quality divisions. Under the themes of organization, structure, culture and technology, the teams are tasked with enacting specific measures, such as identifying issues, engaging in improvement activities, promoting organi-

zational reforms, reinforcing target management and improving the workplace.

In January 2017, team-level PRev activities began, led by general managers, with all employees participating in such activities as formulating the vision for individual divisions.



Employees considering improvement initiatives



Kick-off meeting of team-level PRev activities

# Management (As of August 1, 2017)

## Members of the Board



**Carlos Ghosn**

Chairman of the Board  
Representative Director

Oct. 1996 Joined Renault  
Dec. 1996 Executive Vice President, Renault  
Jun. 1999 Director and COO, Nissan Motor Co., Ltd.  
Jun. 2000 President and COO, Nissan Motor Co., Ltd.  
Jun. 2001 President and CEO, Nissan Motor Co., Ltd.  
Jun. 2003 Co-Chairman, President and CEO,  
Nissan Motor Co., Ltd.  
Apr. 2005 President and CEO, Renault President and  
Chairman, Renault-Nissan B.V.  
(to the present)  
Jun. 2008 Chairman, President and CEO,  
Nissan Motor Co., Ltd. (to the present)  
May 2009 Chairman, President and CEO,  
Renault (to the present)  
Dec. 2016 Chairman of the Board,  
MMC (to the present)  
Apr. 2017 Chairman, Nissan Motor Co., Ltd.  
(to the present)



**Osamu Masuko**

Member of the Board  
Representative Director  
CEO

Apr. 1972 Joined Mitsubishi Corporation  
Apr. 2003 Senior Vice President, Division COO of  
Motor Vehicle Business Div., Mitsubishi  
Corporation  
Jun. 2004 Managing Director, in charge of Overseas  
Operations Group Headquarters, MMC  
Jan. 2005 President, Chief Business Ethics Officer,  
MMC  
Oct. 2007 President, MMC  
Jun. 2014 Chairman of the Board and CEO, MMC  
Jun. 2016 Chairman of the Board, President, CEO,  
MMC  
Dec. 2016 President and CEO, MMC  
Jun. 2017 Member of the Board and CEO, MMC  
(to the present)



**Mitsuhiko Yamashita**

Member of the Board  
Executive Vice President (Development, Quality)  
CPLO

Apr. 1979 Joined Nissan Motor Co., Ltd.  
Apr. 2004 Senior Vice President (Officer) in charge of  
Research and Development, Nissan Motor  
Co., Ltd.  
Apr. 2005 Executive Vice President (Officer) in charge  
of Research and Development,  
Nissan Motor Co., Ltd.  
Jun. 2005 Member of the Board of Directors and  
Executive Vice President (Officer),  
Nissan Motor Co., Ltd.  
Apr. 2014 Member of the Board of Directors,  
Nissan Motor Co., Ltd.  
Jun. 2015 Retired from Member of the Board of  
Directors, Nissan Motor Co., Ltd.  
Jul. 2015 Technical Advisor to Board, Nissan Motor  
Co., Ltd.  
Jun. 2016 Member of the Board, Executive Vice  
President (Development, Quality),  
MMC (to the present)  
Jan. 2017 Member of the Board, Executive Vice  
President (Development, Quality),  
CPLO, MMC (to the present)



**Kozo Shiraji**

Member of the Board  
Executive Vice President  
(Overseas Operations, Global After Sales)  
CPO

Apr. 1977 Joined Mitsubishi Corporation  
Apr. 2009 Senior Vice President, Division COO of  
Motor Vehicle Business Div., Mitsubishi  
Corporation  
Apr. 2013 Executive Vice President, Group CEO of  
Machinery Group, Mitsubishi Corporation  
Apr. 2016 Senior Executive Officer,  
Assistant to President, MMC  
Jun. 2016 Member of the Board, Executive Vice  
President (Overseas Operations, Global  
After Sales), MMC (to the present)  
Jan. 2017 Member of the Board, Executive Vice  
President (Overseas Operations, Global  
After Sales), CPO, MMC (to the present)



**Koji Ikeya**

Member of the Board  
Executive Vice President  
(Finance, Controlling & Accounting)  
CFO

Apr. 1981 Joined The Mitsubishi Bank, Ltd.  
Apr. 2008 Executive Officer and General Manager of  
Corporate Banking Credit Division,  
The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
May 2011 Managing Executive Officer and Group  
Head of Osaka Corporate Banking Group,  
The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
May 2012 Managing Executive Officer in charge of  
Corporate Banking Credit Division,  
Credit Division, Credit Supervision Division  
and CIB Credit Division,  
The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
May 2014 Managing Executive Officer and Group  
Head of Corporate Banking Group No. 1,  
The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
May 2015 Senior Managing Executive Officer and  
Group Head of Corporate Banking Group  
No. 1, The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
Jun. 2016 Member of the Board, Executive Vice  
President (Finance, Controlling &  
Accounting), CFO, MMC (to the present)





**Harumi Sakamoto**  
Non-Executive Director

- Apr. 1962 Joined the Ministry of International Trade and Industry
- Jul. 1884 Head of Policy Planning Office of Minister's Secretariat, Ministry of International Trade and Industry
- Jun. 1986 Chief of Sapporo Trade and Industry Bureau, Ministry of International Trade and Industry
- Aug. 1987 Advisor, The Dai-ichi Kangyo Bank, Ltd.
- May 1990 Managing Director, The Seiyu, Ltd.
- May 1993 Senior Managing Director, The Seiyu, Ltd.
- May 1997 Executive Vice President, The Seiyu, Ltd.
- May 1997 Director, The Seibu Department Stores, Ltd.
- Sep. 1997 Executive Vice President, The Seibu Department Stores, Ltd.
- Oct. 2000 Secretary General, Japan Association for the 2005 World Exposition
- Oct. 2003 Vice Chairperson, Japan Association for the 2005 World Exposition
- Jun. 2006 President, The Distribution Systems Research Institute
- Jun. 2010 Chairman, Japan Facility Management Promotion Association
- Jan. 2012 Chairperson, Japan Facility Management Association
- Jun. 2013 Member of the Board, MMC (to the present)



**Shunichi Miyanaga**  
Non-Executive Director

- Apr. 1972 Joined Mitsubishi Heavy Industries, Ltd.
- Jun. 2008 Member of the Board, Executive Vice President, Mitsubishi Heavy Industries, Ltd.
- Apr. 2011 Member of the Board, Senior Executive Vice President, Mitsubishi Heavy Industries, Ltd.
- Apr. 2013 Member of the Board, President, Mitsubishi Heavy Industries, Ltd. (to the present)
- Jun. 2014 Member of the Board, MMC (to the present)



**Ken Kobayashi**  
Non-Executive Director

- Jul. 1971 Joined Mitsubishi Corporation
- Apr. 2003 Senior Vice President, General Manager of Singapore Branch, Mitsubishi Corporation
- Jun. 2004 Senior Vice President, Division COO of Plant Project Div., Mitsubishi Corporation
- Apr. 2006 Senior Vice President, Division COO of Ship, Aerospace & Transportation Systems Div., Mitsubishi Corporation
- Apr. 2007 Executive Vice President, Group CEO of Industrial Finance, Logistics & Development Group, Mitsubishi Corporation
- Jun. 2007 Member of the Board, Executive Vice President, Group CEO of Industrial Finance, Logistics & Development Group, Mitsubishi Corporation
- Jun. 2008 Executive Vice President, Group CEO of Industrial Finance, Logistics & Development Group, Mitsubishi Corporation
- Apr. 2010 Senior Executive Vice President, Executive Assistant to President, Mitsubishi Corporation
- Jun. 2010 Member of the Board, President & CEO, Mitsubishi Corporation
- Apr. 2016 Chairman of the Board, Mitsubishi Corporation (to the present)
- Jun. 2016 Member of the Board, MMC (to the present)



**Takeshi Isayama**  
Non-Executive Director

- Apr. 1967 Joined Ministry of International Trade and Industry
- Aug. 1996 Director-General, International Trade Administration Bureau, Ministry of International Trade and Industry
- Jul. 1997 Director-General, International Trade Policy Bureau, Ministry of International Trade and Industry
- Jun. 1998 Commissioner, Japan Patent Office
- Sep. 2001 Vice Chairman, Nissan Motor Co., Ltd.
- Oct. 2007 Chairman, Carlyle Group Japan
- May 2009 Independent Director, Renault
- Apr. 2013 Retired from Independent Director, Renault
- Dec. 2016 Member of the Board, MMC (to the present)



**Hitoshi Kawaguchi**  
Non-Executive Director

- Apr. 1976 Joined Nissan Motor Co., Ltd.
- Apr. 2005 Senior Vice President in charge of Human Resources, Diversity Development Office, Nissan Motor Co., Ltd.
- Apr. 2009 Senior Vice President in charge of External and Government Affairs, Intellectual Asset Management, Nissan Motor Co., Ltd.
- Apr. 2016 Senior Vice President, CSO (Chief Sustainability Officer) in charge of Global External and Government Affairs, Japan Communication, Corporate Service Management Department, CSR Department, Nissan Motor Co., Ltd. (to the present)
- Dec. 2016 Member of the Board, MMC (to the present)



**Hiroshi Karube**  
Non-Executive Director

- Apr. 1980 Joined Nissan Motor Co., Ltd.
- Apr. 2010 Corporate Vice President, in charge of Global Controller, Budget and Accounting Dept., Global Asset Management Dept., Nissan Motor Co., Ltd. (to the present)
- Dec. 2016 Member of the Board, MMC (to the present)

# Management

## Audit & Supervisory Board Members

**Yoshikazu Nakamura**  
Audit & Supervisory Board  
Member  
(Full-Time)

**Katsunori Nagayasu**  
Audit & Supervisory Board  
Member  
(Outside Audit & Supervisory  
Board Member)

**Toshimitsu Iwanami**  
Audit & Supervisory Board  
Member  
(Outside Audit & Supervisory  
Board Member)

**Yaeko Takeoka**  
Audit & Supervisory Board  
Member  
(Outside Audit & Supervisory  
Board Member)

**Yoshitsugu Oba**  
Audit & Supervisory Board  
Member  
(Outside Audit & Supervisory  
Board Member)

## Executive Officers

**Osamu Masuko**  
Member of the Board  
CEO

**Trevor Mann**  
COO

**Mitsuhiko Yamashita**  
Member of the Board  
Executive Vice President  
(Development, Quality)  
CPLO

**Kozo Shiraji**  
Member of the Board  
Executive Vice President  
(Overseas Operations, Global  
After Sales)  
CPO  
And Division General Manager,  
America & Oceania Div.

**Koji Ikeya**  
Member of the Board  
Executive Vice President  
(Finance, Controlling &  
Accounting)  
CFO

**Takeshi Ando**  
Senior Vice President  
CCO  
(Production)

**Yukihiro Hattori**  
Senior Vice President  
(Procurement)

**Toshihiko Hattori**  
Senior Vice President  
(Domestic Sales)

**Hitoshi Inada**  
Corporate Vice President  
(Legal)  
General Manager,  
CEO/COO Office

**Yoichi Yokozawa**  
Corporate Vice President  
Division General Manager,  
Strategic Management Div.  
And General Manager,  
Strategic Management Office

**Masao Omichi**  
Corporate Vice President  
Chief External and  
Government Relations Officer,  
Chief Environmental Strategy  
Officer  
Division General Manager,  
Corporate Affairs Div.

**Vincent Cobee**  
Corporate Vice President  
Division General Manager,  
Product Strategy Div.  
And Division General Manager,  
PD Office

**Naoya Fujimoto**  
Corporate Vice President  
Division General Manager,  
Project Management Div.

**Tsunehiro Kunimoto**  
Corporate Vice President  
Division General Manager,  
Design Div.

**Guillaume Cartier**  
Corporate Vice President  
Division General Manager,  
Global Marketing & Sales Div.

**Hiroo Kurihara**  
Corporate Vice President  
Division General Manager,  
Europe & Middle East /  
Africa Div.

**Yoichiro Yatabe**  
Corporate Vice President  
Division General Manager,  
ASEAN Div.

**Hiroshi Noda**  
Corporate Vice President  
Division General Manager,  
Controlling & Accounting Div.

**Koichi Kitamura**  
Corporate Vice President  
Division General Manager,  
Business Administration Div.  
And Assistant Division General  
Manager,  
Controlling & Accounting Div.

**Tetsuya Hashimoto**  
Corporate Vice President  
Division General Manager,  
Human Resources Div.  
Controlling & Accounting Div.

**Kazuaki Iwamoto**  
Corporate Vice President  
(Global Risk Control)  
Chief Business Ethics Officer

**Masao Kuruma**  
Corporate Vice President  
CIO  
Division General Manager,  
Global IT Div.

**Koji Yokomaku**  
Corporate Vice President  
Division General Manager,  
Development Management  
Div.

**Isao Torii**  
Corporate Vice President  
Division General Manager,  
Vehicle Engineering  
Development Div.

**Tetsuya Tamechika**  
Corporate Vice President  
Division General Manager,  
EV, Powertrain Engineering  
Development Div.

**Takahide Tsujitani**  
Corporate Vice President  
(Alliance Procurement)

**Satoru Nakayama**  
Corporate Vice President  
General Manager, CFO Office

# Corporate Governance

## Basic Policy and Framework for Corporate Governance

Considering compliance to be of topmost importance, MMC aims to meet the expectations of shareholders, customers and all other stakeholders and achieve sustainable growth and increases in corporate value by making the ongoing reinforcement and improvement of governance as a management priority.

## System of Corporate Governance

MMC has improved and enhanced its corporate governance. In addition to statutory functions, MMC has introduced the Executive Committee and various other management bodies as well as the executive officer system in order to enhance the flexibility of business execution and clarify management responsibility and to carry out appropriate supervision of business execution.

The Board of Directors is responsible for making decisions concerning important management issues and overseeing business execution of each Member of the Board. It is comprised of 11 members, including six Outside Directors with considerable experience, deep insight, and so forth to strengthen supervision over business execution. To enhance

the speed of decision-making, MMC has established and operates various committees to deliberate and report on various important matters related to the management.

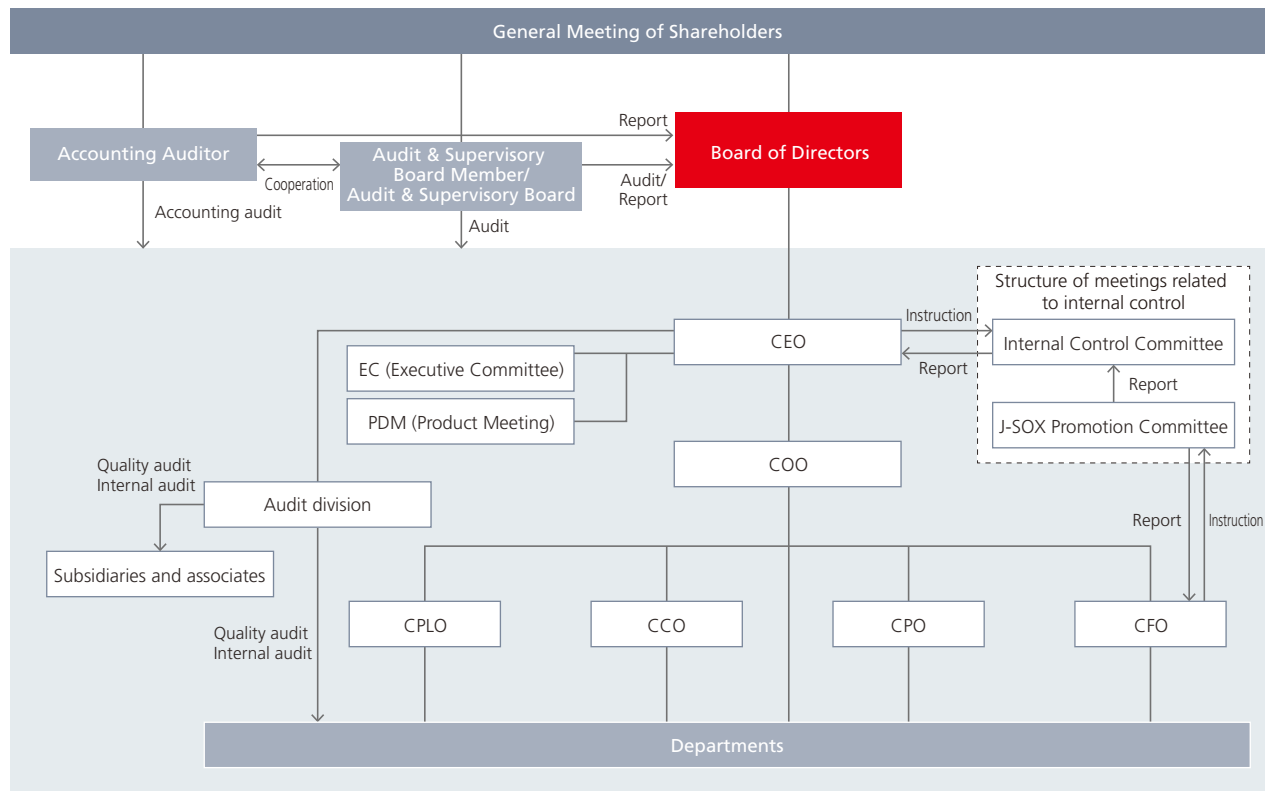
Furthermore, to separate the supervisory and business execution functions of management and enable a swift and flexible response to changes in the management environment, MMC has introduced the executive officer system and delegates authority to accelerate management decision-making.

In addition, to ensure appropriate audits of business execution, an Audit & Supervisory Board comprising five Audit & Supervisory Board Members has been established. Four of the members are Outside Audit & Supervisory Board Members, to strengthen the independence of the audit system.

## Status of Internal Audits and Audit & Supervisory Board Members' Audits

The Audit & Supervisory Board Members carry out audits of the status of business execution of the MMC Group by attending important MMC meetings, such as Board of Directors meetings, and receiving reports on the status of business activities from the Board members and other corporate officers. They also review key internal documents and internal

Corporate Governance Framework (As of June 30, 2017)



audit reports from internal audit division, the Accounting Auditors and subsidiaries and associates.

In accordance with auditing policies established by the Audit & Supervisory Board, important auditing items for each fiscal year, allocation of duties and other matters, the Audit & Supervisory Board Members conduct interviews of the top executives of each internal division and hold visiting audits at each factory and subsidiaries and associates in Japan and overseas, and, based on the results, hold discussions at Audit & Supervisory Board meetings and exchange opinions with the CEO and COO.

In addition, MMC has established the Internal Audit Dept. and the Quality Audit Dept. as Internal Audit departments within the Audit Div., an independent organization that reports directly to the CEO.

The Internal Audit Dept. conducts planned internal audits to determine whether operational management of MMC and subsidiaries and associates in Japan and overseas is being conducted with transparency using appropriate processes. The Quality Audit Dept. audits the appropriateness of quality-related activities by MMC and subsidiaries and associates in Japan and overseas. Audit results are reported directly to the CEO.

The Audit & Supervisory Board Members regularly exchange information and works to strengthen cooperation with the Audit Div. and the Accounting Auditors.

## Internal Control System

### Development of Internal Control System

By resolution of the Board of Directors, MMC has established the Internal Control Promotion Committee based on its “Basic Policy on the Establishment of Internal Control Systems.” The committee is chaired by the CEO, with the newly installed director in charge of global risk control serving as vice-chair. The committee monitors the status of operations and strives to improve and reinforce internal control systems. Going forward, we will continue with initiatives to further reinforce governance by 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.

## Risk Management

### Development of Risk Management Framework

MMC has put in place and works to improve its risk management system for the entire Group through three types

of risk management activities: priority risk management, departmental risk management and affiliated company risk management.

For priority risk management, we select risks that the entire MMC Group faces directly, that have a high potential impact and a high degree of urgency. For each risk, we assign “risk owners,” who are of executive officer level or above, and work as quickly as possible to reduce these risks.

In departmental risk management, we have appointed risk management officers to each division or plant. These officers work to reduce risks through repeated application of the PDCA cycle involving identifying and evaluating each risk, devising and implementing countermeasures, and monitoring.

Affiliated company risk management includes initiatives for addressing various types of risks encountered by MMC’s affiliated companies. The Company regularly confirms the status of activities, such as the reinforcement of compliance systems, and we propose and direct improvements, as necessary.

These risk management activities are regularly reported to the Board of Directors as key internal control measures.

In addition, to prepare for unforeseen contingencies MMC has developed emergency contact systems that enable the rapid communication of information to directors and other key personnel, as well as a swift and accurate response. In particular, to create a crisis management system to respond when serious incidents occur, we have formulated an emergency response manual. This manual outlines the establishment of an emergency response organization and clarifies the chain of command, enabling us to put appropriate response systems into place.

MMC’s basic policy in times of disaster—such as earthquake or other natural disaster or an outbreak of infectious disease—is to ensure the safety of customers, as well as employees and their families, and assist local communities. We are preparing disaster countermeasures and business continuity plans (BCPs) to this end.

We conduct drills in communicating among various manufacturing facilities and Group companies on the basis of a presumed emergency.

As preparations against the possibility that employees will be unable to return to their homes for a three-day period, we have ensured means through which they can communicate with their families, cached emergency supplies and are conducting initiatives for communicating with local municipal authorities.

We have formulated plans of operation that assume a large-scale earthquake or major outbreak of infectious disease. We work to improve these BCPs through regular drills and communication among individual regions.

## Compliance

### Policies and Basic Approach

In order to comply with laws, international rules, and internal regulations while respecting changing social norms to the greatest degree possible, MMC has published the “Mitsubishi Motors Business Ethics” to serve as its corporate ethics standard. We are also redoubling our efforts to enhance our business ethics promotion framework and employee training.

Nonetheless, in April 2016, we discovered improper conduct in fuel consumption testing on products. We investigated the cause of this improper conduct and preventative measures were formulated and are being taken.

In January 2017, we fundamentally revised our management system, creating a new position of Corporate Vice President in charge of Global Risk Control to direct compliance and risk management. This executive is under the direct supervision of the CEO and regularly reports to the Board of Directors on governance improvement measures, while also serving as Chief Business Ethics Officer.

### Compliance Promotion System

In order to ensure that a focus on compliance prioritization penetrates throughout the company, compliance officers under the supervision of the Corporate Vice President in charge of Global Risk Control (also serving as Chief Business Ethics Officer) are appointed at each division, and the general manager of each department serves as the business ethics code leader.

In the event of serious compliance concerns, the business ethics code leaders and compliance officers will ultimately report to the Board of Directors.

### Establishment of Internal and External Consultation Offices (Helplines)

MMC has established internal and external consultation offices to prevent and promptly detect fraud or other improper conduct as well for use in self-correction. The internal employee consultation office offers counseling to employees of MMC and affiliated companies, and the external consultation office works with outside attorneys. In fiscal 2016, the

employee consultation office saw 153 cases, and the external consultation office saw 74 cases.

When consultations or whistleblowing reports are received by the employee consultation office, the office endeavors to resolve the issues quickly either by investigating itself or by directing the compliance officer of the relevant division to respond. If either the employee consultation office or the external consultation office receives whistleblowing reports related to compliance issues or issues with potential business risks, these are immediately reported to the Corporate Vice President in charge of Global Risk Control (also serving as Chief Business Ethics Officer). Once the office receives instructions on how to respond, it endeavors to resolve the issue.

To facilitate the use of the internal whistleblowing system, in 2016 we worked to make the existence of the consultation offices well-known within the company by creating and displaying posters. In addition, we revised our “Compliance-Oriented Whistleblowing Operation Procedure” for handling information and investigating the relevant facts and made company personnel aware of these revisions in order to ensure that whistleblowers are not treated unfairly.

In November 2016, we also established a Business Partner Helpline.

### Compliance Activity Plan

Every fiscal year we formulate compliance-related education and training in the form of a compliance activity plan, and offer education and training for each job rank. Each division also draws up and conducts its own measures under the direction of the compliance officer.

In fiscal 2016, in response to the improper conduct in fuel consumption testing, we created and launched a system in which Compliance Department verifies compliance onsite in order to ensure complete adherence to laws and regulations.

On and around Safety Pledge Days,\* individual divisions voluntarily hold events to reaffirm the day’s significance. Workplace discussions are held (three times a year) to talk about business ethics issues faced in the workplace and workplace culture.

\* To prevent past incidents, such as the regrettable recall cover-up, from being forgotten over time, in October 2004 we designated January 10 and October 19 as “Safety Pledge Days.” These days were chosen because two fatal accidents involving large trucks manufactured by Mitsubishi Fuso, a former Mitsubishi Motors division, occurred on these days.

# Overview of Operations by Region

## Net Sales

(Billions of yen)

	FY2015	FY2016	FY2017 (Forecast)
Japan	412.9	297.3	350.0
North America	324.8	297.1	320.0
Europe	514.6	433.5	440.0
Asia	482.6	433.5	520.0
Other Regions	532.9	445.2	370.0
<b>Total</b>	<b>2,267.8</b>	<b>1,906.6</b>	<b>2,000.0</b>

## Operating Profit (Loss)

(Billions of yen)

	FY2015	FY2016
Japan	(2.4)	(35.8)
North America	6.2	(16.6)
Europe	22.1	(21.6)
Asia	74.9	51.2
Other Regions	37.6	27.9
<b>Total</b>	<b>138.4</b>	<b>5.1</b>

## Sales Volume (Retail)

(Thousands of units)

	FY2015	FY2016	FY2017 (Target)
Japan	102	80	90
North America	135	138	148
Europe	206	179	188
Asia	322	315	389
Other Regions	283	214	214
<b>Total</b>	<b>1,048</b>	<b>926</b>	<b>1,029</b>

## Japan

### Performance in the year ended March 31, 2017

In the year ended March 31, 2017, our sales volume (retail) in the Japanese market decreased 22,000 units, or 22% year on year, to 80,000 units, due to the impact of improper conduct in fuel consumption testing, although sales rebounded in the second half.

Due in part to the fall in unit sales, sales dropped ¥115.6 billion, to ¥297.3 billion, and we recorded an operating loss of ¥35.8 billion (compared with an operating loss of ¥2.4 billion in the preceding year).

### Outlook for the year ending March 31, 2018

In the year ending March 31, 2018, we will continue working to restore customer trust in the Company and undertake steady sales promotion activities. We expect sales to grow, thanks to the second-half launch of the *Eclipse Cross*. As a result, we anticipate sales of 90,000 units, up 10,000 units, or 13%, from the year ended March 31, 2017. We also forecast sales of ¥350.0 billion, up ¥52.7 billion from the year ended March 31, 2017.



*Outlander PHEV*



*Eclipse Cross*

## North America

### Performance in the year ended March 31, 2017

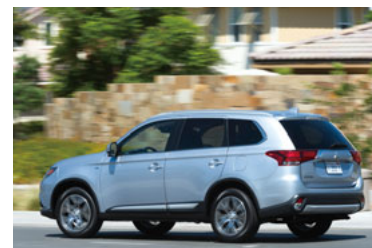
In the North American market, sales volume in the year ended March 31, 2017, rose 3,000 units, or 2%, to 138,000 units, due to favorable sales of the *Outlander*.

Although unit sales increased, sales were down ¥27.7 billion, to ¥297.1 billion, owing to the impact of exchange rates. The Company recorded an operating loss of ¥16.6 billion, compared with operating profit of ¥6.2 billion in the previous year.

### Outlook for the year ending March 31, 2018

We expect unit sales to rise by around 10,000 units, or 7% compared to the year ended March 31, 2017, to 148,000 units. Accordingly, we forecast sales of ¥320.0 billion, up ¥22.9 billion from the year ended March 31, 2017.

Note: From the year ending March 31, 2018, Puerto Rico has been reclassified from Other Regions to North America.



*Outlander*



*Outlander Sport*

## Europe

### Performance in the year ended March 31, 2017

In the European market, sales volume in the year ended March 31, 2017, came to 179,000 units, down 27,000 units, or 13%. This fall was attributable to a substantial decrease in sales of the *Outlander PHEV*, stemming from ongoing sales declines in Russia in the face of lackluster economic conditions, as well as a change in tax incentives in the Netherlands and other countries.

Due to the drop in unit sales, sales were down ¥81.1 billion, to ¥433.5 billion, and the operating loss was ¥21.6 billion, compared with operating profit of ¥22.1 billion in the preceding year.

### Outlook for the year ending March 31, 2018

Due to the launch of the *Eclipse Cross* in Europe in the second half, we expect unit sales to rise 9,000 units, or 5%, compared with the year ended March 31, 2017, to 188,000 units. We forecast net sales of ¥440.0 billion, up ¥6.5 billion.



*Outlander*



*Eclipse Cross*

## Overview of Operations by Region

### Asia

#### Performance in the year ended March 31, 2017

Sales volume in Asia, including the ASEAN region, was down 7,000 units, or 2%, in the year ended March 31, 2017, to 315,000 units, despite higher sales in China, thanks to robust sales of the *Outlander*, which is now being produced locally.

Lower unit sales in the ASEAN region caused sales to drop ¥49.1 billion year on year, to ¥433.5 billion. Operating profit decreased ¥23.7 billion, to ¥51.2 billion.

#### Outlook for the year ending March 31, 2018

In the ASEAN region, we intend to produce additional models at our new plant in Indonesia, which commenced operations in April 2017. We also expect sales to increase in the Philippines and Thailand. Also, we anticipate higher sales of the *Outlander*, which we began producing locally in China in 2016. As a result, we expect sales volume for the region as a whole to amount to 389,000 units in the fiscal year ending March 31, 2018, up 74,000 units, or 23%. We forecast net sales of ¥520.0 billion, up ¥86.5 billion.



*Pajero Sport*



*Triton/L200*



*Outlander*

### Other Regions (Australia, New Zealand, Latin America, Middle East and Africa)

#### Performance in the year ended March 31, 2017

In the year ended March 31, 2017, sales volume in other regions declined by 69,000 units, or 24%, to 214,000 units. This decline was affected by lower sales in the Middle East, due to the impact of lower resource prices, as well as to decreased sales in Latin America.

Impacted by the drop in unit sales, sales fell ¥87.7 billion, to ¥445.2 billion, and operating profit decreased ¥9.7 billion, to ¥27.9 billion.

#### Outlook for the year ending March 31, 2018

In the year ending March 31, 2018, we expect sales volume to be flat year on year, at 214,000 units. We also expect net sales to fall ¥75.2 billion, to ¥370.0 billion.



*Triton/L200*





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## Financial Section

### Consolidated Financial Summary

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
<b>For the year:</b>						
	In billions of yen					
Net sales	1,807.3	1,815.1	2,093.4	2,180.7	2,267.8	1,906.6
Operating profit	63.7	67.4	123.4	135.9	138.4	5.1
Income (loss) before income taxes	41.6	69.4	117.2	129.5	108.8	(158.7)
Net income (loss) attributable to owners of the parent	23.9	38.0	104.7	118.2	72.6	(198.5)
Sales volume (retail) (Thousands of units)	1,001	987	1,047	1,090	1,048	926
R&D expenses	55.0	59.9	67.5	74.6	78.7	89.0
Capital expenditures	71.0	51.4	72.2	68.0	69.0	58.1
Depreciation	53.4	50.3	52.7	53.3	53.6	46.2
Return on equity (ROE) (%)	9.7	12.7	23.8	19.7	10.9	(29.2)
<b>Per share data:</b>						
	In yen					
Earnings per share	4.32	66.05	156.60	120.16	73.80	(164.11)
Diluted earnings per share	2.40	37.09	104.29	—	—	—
Dividends per share	—	—	25.00	16.00	16.00	10.00
<b>At year-end:</b>						
	In millions of yen					
Total assets	1,321.3	1,452.8	1,543.9	1,582.8	1,433.7	1,484.4
Net assets	265.6	351.2	550.0	670.8	685.3	703.5
Cash and deposits	311.6	409.5	450.1	440.3	453.4	556.8
Interest-bearing debt	348.1	364.4	222.4	144.5	27.1	15.6
Equity ratio (%)	19.5	23.4	35.0	41.6	46.8	46.5

1. For fiscal 2014 and earlier, profit attributable to owners of the parent refers to net income.

2. On August 1, 2013, the Company conducted a 1-for-10 reverse share split on its common stock. Indicated figures for basic net income per share and diluted net income per share are calculated as if this reverse share split had occurred at the beginning of fiscal 2012.

3. Diluted net income per share is not indicated for fiscal 2014 and after because no dilutive shares existed.

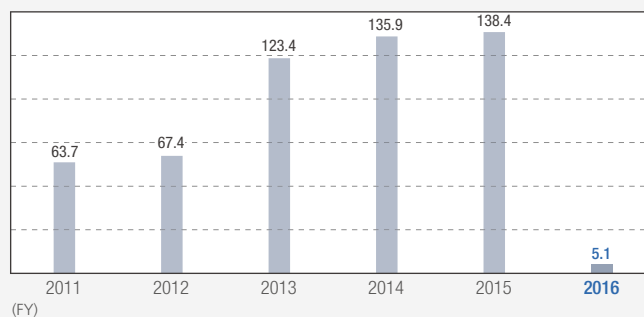
#### Net Sales

(Billions of yen)



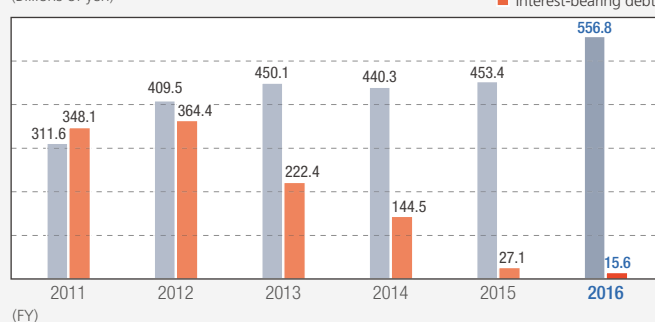
#### Operating Profit

(Billions of yen)



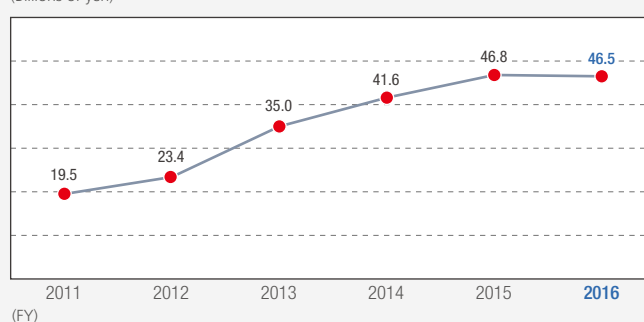
#### Cash and Deposits/ Interest-Bearing Debt

(Billions of yen)



#### Equity Ratio

(Billions of yen)



## Operational Review

### Results of Operations

Sales volume (retail) fell by 122,000 (12%) year on year to 926,000 units. By region, sales volume (retail) breaks down as follows. In Japan, although sales recovered in the second half of the fiscal year, there was a large drop in sales in the first half of the fiscal year immediately after the fuel-consumption testing controversy. As a result, Japanese sales volume (retail) fell by 22,000 (22%) year on year to 80,000 units.

In North America, brisk sales of the *Outlander* led sales volume (retail) to grow by 3,000 (2%) year on year to 138,000 units. In Europe, on top of the continuing slide in sales volume (retail) in Russia owing to difficult economic conditions, the steep drop in sales of the *Outlander PHEV* in markets such as the Netherlands due to the impact of changes in tax benefits caused overall sales volume (retail) to fall by 27,000 (13%) year on year to 179,000 units. In Asia, sales volume (retail) climbed year on year in China where there were strong sales of the *Outlander*, where output was transferred to local production. But sales volume (retail) in Asia as a whole (including the ASEAN region) fell by 7,000 (2%) year on year to 315,000 units. In the others region, sales volume (retail) fell in the Middle East and in South and Central America amid the continuing impact of low natural resource prices, which contributed to a decline of 69,000 (24%) year on year to 214,000 units.

### Net Sales and Income

Consolidated net sales fell by 361.2 billion yen (16%) year on year to 1,906.6 billion yen. Consolidated operating profit fell by 133.3 billion yen (96%) owing to worsening exchange rates and increased expenses for market quality measures on top of the impact of the decline in sales volume. But cost cutting efforts helped deliver a year-end consolidated operating profit of 5.1 billion yen. Consolidated ordinary profit fell by 132.1 billion yen (94%) year on year to 8.9 billion yen. Due to factors including the Company posting an extraordinary loss of 165.5 billion yen related to the fuel-consumption testing controversy, consolidated profit (profit attributable to owners

of parent) fell by 271.1 billion yen year on year. This resulted in a loss of 198.5 billion yen.

### Overview of Financial Position

Total assets as at the end of the period amounted to 1,484.4 billion yen: an increase of 50.7 billion yen over the end of FY2015. Cash and cash deposits amounted to 556.8 billion yen: an increase of 103.4 billion yen from the end of FY2015. Total liabilities amounted to 780.9 billion yen: an increase of 32.6 billion yen from the end of FY2015. Of total liabilities, the interest bearing debt balance was 15.6 billion yen, a decrease of 11.5 billion yen from the end of FY2015. Despite payments related to the issue of improper conduct in fuel economy testing and dividend payouts, capital increase by way of third party allotment to Nissan Motor on October 20, net assets at the end of the period amounted to 703.5 billion yen, an increase of 18.1 billion yen from the end of FY2015.

### Overview of Cash Flow

Cash flows from operating activities came to a net outflow of 45.8 billion yen. This compared to a net inflow of 197.7 billion yen in fiscal 2015. Cash flows from investing activities came to a net outflow of 73.1 billion yen. This compared to a net inflow of 17.2 billion yen in fiscal 2015. Cash flows from financing activities came to a net inflow of 210.4 billion yen. This compared to net outflow of 122.9 billion yen in fiscal 2015.

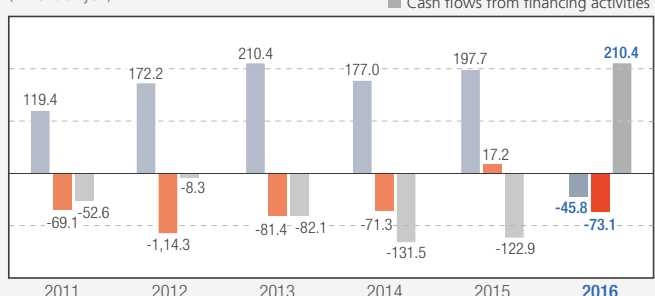
As a result, the capital increase by way of third party allotment to Nissan Motor on October 20, the balance of cash and cash equivalents at the end of fiscal 2016 stood at 555.9 billion yen. This compared to a balance of 462.4 billion yen at the end of fiscal 2015.

### Cash Flow Indicators

(FY)	2012	2013	2014	2015	2016
Shareholders' equity ratio (%)*	23.4	35.0	41.6	46.8	46.5
Shareholders' equity ratio* (fair value basis)	41.0	68.8	67.4	57.8	67.2
Cash flows/ Interest-bearing debt ratio	2.1	1.1	0.8	0.1	(0.3)
Interest coverage ratio	15.9	22.3	41.0	120.2	(38.7)

### Cash Flows

(Billions of yen)



(FY)

\* The shareholders' equity ratio is shareholders' equity divided by total assets.

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:

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

### Business-Related Risks

Risks that may seriously impact the operating results and/or financial standing, and the like of the MMC Group are outlined below.

#### Impact of the economic and social situation in Japan and overseas

Overseas sales accounted for around 80% of the MMC Group's consolidated net sales for the previous fiscal year. Changes in the economic and social situation in Japan or in the regions and countries the MMC Group trades with, and in particular the countries of the ASEAN region and other emerging nations that will be central to the MMC Group's regional strategy, may seriously impact the MMC Group's operating results and/or financial standing. In addition, conducting business operations in overseas markets exposes the MMC Group to latent risks including, but not limited to, changes in laws and taxes, changes in the political and economic situation, deficiencies in infrastructure, difficulties in acquiring skilled personnel, acts of terrorism and other emergencies and the outbreak of epidemics. In the event risks such as these start to manifest themselves, they may seriously impact the operating results and/or financial standing of the MMC Group.

#### Impact of intensifying competition in the automotive industry

Overcapacity in the auto industry and other factors are seeing an intensification of competition on a global basis. Increasing price competition makes sales incentives and effective publicity campaigns indispensable in promoting sales and retaining market share. Such increases in price competition and marketing incentives may seriously impact the operating results and/or financial standing of the MMC Group.

Amid intensifying competition in the automotive industry and shorter new product development cycles, MMC may become unable to supply new products appropriately and in a timely manner that respond to customers' needs in terms of price, quality, safety and other factors, or the market may not be sufficiently receptive to MMC's strategic products. Such conditions may seriously impact the operating results and/or financial standing of the MMC Group. In addition, the MMC Group may render ineffective its measures to maintain or enhance competitiveness, and as a result, product demand could fall. Such conditions may seriously impact the operating results and/or financial standing of the MMC Group.

#### Impact of natural and other disasters

The MMC Group maintains production and other facilities in Japan and many other parts of the world. The occurrence of a major natural or other disaster, including earthquakes, typhoons, floods, fires and epidemics, in these areas may result in the suspension or other serious interruption in the

operations of the MMC Group or of its suppliers. The MMC Group has prepared and maintains plans to keep operations going and disaster measures in areas and under situations where such risks are high and where they would have a serious impact on the MMC Group's operations. A disaster occurring on a scale larger than anticipated, however, may seriously impact the operating results and/or financial standing of the MMC Group.

#### Impact of laws and regulations, etc.

The MMC Group is subject to various laws and regulations, etc. governing protection of the global environment, product safety and other matters in the countries where it operates. In the event that the MMC Group fails to conform to or is unable to comply with such laws and regulations, or should such failure lead to sanctions against it, then large costs may be incurred for the purpose of conforming to or of complying with any revision, strengthening of or additions to, these laws and regulations and this may seriously impact the operating results and/or financial standing of the MMC Group.

Regarding the improper conduct in fuel consumption testing of vehicles manufactured by MMC found in April 2016, MMC recorded extraordinary losses of 165.5 billion yen on a consolidated basis and 167.2 billion yen on a non-consolidated basis, and the operating results and/or financial standing of the MMC Group were seriously impacted, such as impacting the sales of MMC's products. However, the special investigation committee carried out an objective and thorough examination of the facts, and measures to prevent recurrence of improper conduct were formulated and implemented by April 1, 2017.

#### Impact of changes in manufacturing cost

The MMC Group sources parts and raw materials, etc. from a large number of suppliers to manufacture its products. Any rise in the manufacturing cost of MMC's products due to changes in demand and other market conditions may seriously impact the operating results and/or financial standing of the MMC Group.

#### Impact of foreign exchange rate fluctuations

Overseas sales accounted for around 80 percent of the MMC Group's consolidated net sales for the previous fiscal year. MMC monitors the movement of exchange rates involving Thai baht, in which principal foreign-currency payables are dominated; US dollars, the denomination of its main foreign-currency receivables; and the euro, and has in place the necessary measures for responding appropriately. However, severe foreign currency fluctuations may still seriously impact the operating results and/or financial standing of the MMC Group.

#### **Impact of failure to achieve midterm business plan targets mainly due to differences between the premises on which the plan was drawn up and real-world conditions**

The MMC Group has drawn up a midterm business plan setting out operational strategy for the medium term. However, in the event that differences arise between the premises on which the plan was drawn up and real-world conditions or should risks other than those described in this section become prominent, the operating results and/or financial standing of the MMC Group may be seriously impacted.

#### **Impact of product quality and safety**

The MMC Group endeavors to improve the quality and assure the safety of the MMC Group's products. However, in the event that MMC has to issue a recall or implement countermeasures, etc. on a large scale due to product defects or failures, or in the event that MMC is pursued in a large-scale product liability action, the large costs incurred and the damage to reputation of the MMC's products and consequent drop in demand, etc. for its products may seriously impact the operating results and/or financial standing of the MMC Group.

#### **Impact of lawsuits, etc.**

Any lawsuit brought against the MMC Group by customers, trading partners or other third parties in the course of the MMC Group conducting its business operations may seriously impact the operating results and/or financial standing of the MMC Group.

In addition, in the event that decisions, etc. in legal actions, etc. currently under dispute go against the MMC Group's claims or predictions, these may seriously impact the operating results and/or financial standing of the MMC Group.

In February 20, 2010, MASRIA Co., Ltd. (hereafter "Plaintiff"), a former MMC distributor in Egypt, filed a lawsuit against MMC for dissolution of a distributor agreement between MMC and the Plaintiff including a 900 million USD claim for damages. The judgments in both the courts of first and second instance found in favor of MMC on October 26, 2010, and July 3, 2012, respectively, based on the reasoning that the case was not within the Egyptian court's legal jurisdiction. The case is now before the final appellate court after the Plaintiff appealed on July 21, 2012, against the judgment of the court of second instance.

The case has been found to not be within the Egyptian court's jurisdiction, and the distributor agreement was spelled out clearly, as indicated above. Furthermore, MMC's notice to terminate the distributor agreement with the Plaintiff followed due legal process and the terms of the agreement, thus making the Plaintiff's claim irrational. For these reasons, at present MMC does not consider this legal case will result in any serious impact on the operating results and/or financial standing of the MMC Group.

#### **Impact of dependence on particular suppliers**

The MMC Group sources raw materials and parts, etc. from a large number of suppliers. The necessity to procure materials and parts characterized by higher quality or more advanced technologies at more competitive prices may bring about a situation in which orders are concentrated upon a specific supplier. There may also be only a limited number of suppliers able to supply parts, etc. for which a specific technology is required. Consequently, the operating results and/or financial standing of the MMC Group may be seriously impacted in the event that some unforeseen situation arises and interrupts deliveries from such suppliers or in the event that it is not possible to procure materials and parts at competitive prices in a timely manner.

#### **Impact of credit risks of customer, trading partner and others**

The MMC Group is exposed to credit risks in its dealings with customers and with dealers and other trading partners and in its automobile financing business. In the event that losses stemming from such credit risks exceed the MMC Group's estimates, the operating results and/or financial standing of the MMC Group may be seriously impacted.

#### **Impact of infringement of intellectual property rights**

In order to distinguish its products from those of other auto manufacturers the MMC Group endeavors to protect its own technologies, know-how and other intellectual property as well as to prevent the infringement of third-party intellectual property rights. However, in the event that a third party unlawfully uses the MMC Group's intellectual property to manufacture and sell imitations of its products, or in the event that limitations in the legal system in certain countries in relation to the protection of the MMC Group's intellectual property rights result in a fall in sales or in legal costs, or in the event that an unforeseen third-party intellectual property right requires a halt in manufacturing or sales or in the payment of compensation, or causes damage to reputation of the MMC's products and a consequent drop in demand, the operating results and/or financial standing of the MMC Group may be seriously impacted.

#### **Impact of IT and information security**

The information technology and the networks and systems that the MMC Group uses in its management and its products, etc. are exposed to the possibility of attacks by hackers or computer viruses, to illegal or inappropriate use and to infrastructure breakdowns, and the like. In such an event, the operating results and/or financial standing of the MMC Group may be seriously impacted. The MMC Group possesses confidential information relating to matters both within and outside the Group and including personal data. In the event such information is improperly leaked to the outside, the operating results and/or financial standing of the MMC Group may be seriously impacted.

## Financial Section

### Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	453,371	556,836
Notes and accounts receivable-trade	172,119	164,761
Merchandise and finished goods	141,260	118,195
Work in process	19,601	19,695
Raw materials and supplies	28,467	26,139
Short-term loans receivable	3,031	1,766
Deferred tax assets	14,883	8,626
Other	82,864	76,590
Allowance for doubtful accounts	(1,414)	(1,209)
Total current assets	914,183	971,401
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	80,205	77,002
Machinery, equipment and vehicles, net	123,157	100,516
Tools, furniture and fixtures, net	32,230	22,349
Land	91,752	89,925
Construction in progress	13,778	19,210
Total property, plant and equipment	341,124	309,004
Intangible assets	16,519	22,939
Investments and other assets		
Investment securities	83,075	94,959
Long-term loans receivable	7,185	21,615
Net defined benefit asset	3,408	2,913
Deferred tax assets	9,378	7,311
Other	64,825	60,120
Allowance for doubtful accounts	(5,975)	(5,853)
Total investments and other assets	161,897	181,068
Total non-current assets	519,541	513,011
<b>Total assets</b>	<b>1,433,725</b>	<b>1,484,413</b>

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	362,066	378,561
Electronically recorded obligations—operating	27,093	21,393
Short-term loans payable	12,379	15,069
Current portion of long-term loans payable	14,155	299
Lease obligations	1,820	989
Accounts payable—other and accrued expenses	113,177	124,573
Income taxes payable	6,609	26,485
Deferred tax liabilities	45	51
Provision for product warranties	41,561	45,512
Provision for loss on fuel consumption test	20,567	28,136
Other	39,774	32,494
Total current liabilities	639,250	673,566
Non-current liabilities		
Long-term loans payable	540	240
Lease obligations	1,317	1,018
Deferred tax liabilities	26,663	24,583
Net defined benefit liability	34,002	41,593
Other	46,614	39,946
Total non-current liabilities	109,137	107,383
Total liabilities	748,387	780,949
<b>Net assets</b>		
Shareholders' equity		
Capital stock	165,701	284,382
Capital surplus	85,257	203,938
Retained earnings	488,590	277,281
Treasury shares	(220)	(220)
Total shareholders' equity	739,328	765,381
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,429	7,480
Deferred gains or losses on hedges	542	627
Foreign currency translation adjustment	(59,109)	(62,739)
Remeasurements of defined benefit plans	(14,043)	(20,295)
Total accumulated other comprehensive income	(68,181)	(74,926)
Non-controlling interests	14,189	13,008
Total net assets	685,337	703,463
Total liabilities and net assets	1,433,725	1,484,413

## Financial Section

### Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended March 31, 2016	For the fiscal year ended March 31, 2017
Net sales	2,267,849	1,906,632
Cost of sales	1,797,659	1,581,273
Gross profit	470,190	325,359
Selling, general and administrative expenses		
Advertising and promotion expenses	90,976	83,014
Freightage expenses	56,194	45,817
Provision of allowance for doubtful accounts	207	(330)
Directors' compensations, salaries and allowances	68,542	66,097
Retirement benefit expenses	4,604	3,783
Depreciation	9,487	10,320
Research and development expenses	45,012	57,679
Other	56,787	53,858
Total selling, general and administrative expenses	331,812	320,240
Operating profit	138,377	5,118
Non-operating income		
Interest income	4,966	3,530
Dividend income	1,557	1,607
Share of profit of entities accounted for using equity method	10,993	10,969
Other	820	502
Total non-operating income	18,337	16,609
Non-operating expenses		
Interest expenses	1,587	1,208
Foreign exchange losses	11,302	6,829
Litigation expenses	967	1,205
Other	1,830	3,540
Total non-operating expenses	15,687	12,783
Ordinary profit	141,027	8,944
Extraordinary income		
Gain on sales of non-current assets	10,848	952
Gain on sales of investment securities	97	1,863
Compensation income for expropriation	—	1,481
Gain on sales of investments in capital of subsidiaries and affiliates	—	809
Other	1,472	432
Total extraordinary income	12,419	5,538
Extraordinary losses		
Loss on retirement of non-current assets	3,247	2,073
Loss on sales of non-current assets	385	277
Impairment loss	2,188	1,165
Loss on fuel consumption test	19,126	165,455
Loss on closing of plants	19,062	640
Other	610	3,608
Total extraordinary losses	44,619	173,221
Income (loss) before income taxes	108,827	(158,738)
Income taxes—current	23,070	20,986
Income taxes for prior periods	—	12,281
Income taxes—deferred	7,949	4,782
Total income taxes	31,019	38,051
Net income (loss)	77,807	(196,789)
Net income attributable to non-controlling interests	5,232	1,735
Net income (loss) attributable to owners of the parent	72,575	(198,524)



## Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2016	For the fiscal year ended March 31, 2017
Profit (loss)	77,807	(196,789)
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,400)	3,052
Deferred gains or losses on hedges	5	(32)
Foreign currency translation adjustment	(33,866)	71
Remeasurements of defined benefit plans	(2,726)	(6,180)
Share of other comprehensive income of associates accounted for using equity method	(5,336)	(4,862)
Total other comprehensive income	(45,325)	(7,951)
Comprehensive income	32,482	(204,740)
Comprehensive income attributable to		
Owners of parent	28,721	(205,269)
Non-controlling interests	3,760	528

## Financial Section

### Consolidated Statement of Changes in Net Assets

(Millions of yen)

For the fiscal year ended March 31, 2016	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	165,701	85,257	432,241	(220)	682,980
Changes of items during period					
Issuance of new shares					—
Dividends of surplus			(16,226)		(16,226)
Profit (loss) attributable to owners of the parent			72,575		72,575
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	56,348	(0)	56,348
Balance at end of current period	165,701	85,257	488,590	(220)	739,328

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income		
Balance at beginning of current period	7,844	286	(21,013)	(11,445)	(24,327)	12,113	670,766
Changes of items during period							
Issuance of new shares							—
Dividends of surplus							(16,226)
Profit (loss) attributable to owners of the parent							72,575
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	(3,414)	255	(38,096)	(2,598)	(43,853)	2,075	(41,777)
Total changes of items during period	(3,414)	255	(38,096)	(2,598)	(43,853)	2,075	14,570
Balance at end of current period	4,429	542	(59,109)	(14,043)	(68,181)	14,189	685,337

For the fiscal year ended March 31, 2017	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	165,701	85,257	488,590	(220)	739,328
Changes of items during period					
Issuance of new shares	118,680	118,680			237,361
Dividends of surplus			(12,784)		(12,784)
Profit (loss) attributable to owners of the parent			(198,524)		(198,524)
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	118,680	118,680	(211,309)	(0)	26,052
Balance at end of current period	284,382	203,938	277,281	(220)	765,381

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income		
Balance at beginning of current period	4,429	542	(59,109)	(14,043)	(68,181)	14,189	685,337
Changes of items during period							
Issuance of new shares							237,361
Dividends of surplus							(12,784)
Profit (loss) attributable to owners of the parent							(198,524)
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	3,051	85	(3,629)	(6,251)	(6,744)	(1,181)	(7,926)
Total changes of items during period	3,051	85	(3,629)	(6,251)	(6,744)	(1,181)	18,126
Balance at end of current period	7,480	627	(62,739)	(20,295)	(74,926)	13,008	703,463

## Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2016	For the fiscal year ended March 31, 2017
Operating activities:		
Income (loss) before income taxes	108,827	(158,738)
Depreciation and amortization	58,717	46,815
Impairment loss	2,188	1,165
Loss on fuel consumption test	19,126	165,455
Loss on closing of plants	19,062	640
Increase (decrease) in allowance for doubtful accounts	(2,264)	(373)
Increase (decrease) in net defined benefit liability	(80,764)	1,598
Interest and dividend income	(6,523)	(5,138)
Interest expenses	1,587	1,208
Foreign exchange losses (gains)	1,346	31
Equity in (earnings) losses of affiliates	(10,993)	(10,969)
Loss (gain) on sales and retirement of non-current assets	(7,216)	1,399
Decrease (increase) in notes and accounts receivable-trade	3,931	7,973
Decrease (increase) in inventories	10,153	24,869
Change in finance receivables	65,208	—
Increase (decrease) in notes and accounts payable-trade	32,480	12,289
Other, net	880	5,446
Subtotal	215,747	93,675
Interest and dividend income received	13,367	9,845
Interest expenses paid	(1,645)	(1,183)
Payments related to fuel consumption test	—	(130,689)
Payments for closing of plants	(8,656)	(2,903)
Income taxes paid	(21,122)	(14,573)
Net cash provided by (used in) operating activities	197,691	(45,829)
Investing activities:		
Decrease (increase) in time deposits	40,694	(0)
Purchases of property, plant and equipment	(69,000)	(56,474)
Proceeds from sales of property, plant and equipment	64,024	4,238
Purchase of intangible assets	(6,947)	(11,530)
Net decrease (increase) in investments in securities	104	2,459
Decrease (increase) in short-term loans receivable	(860)	673
Payments of long-term loans receivable	(2,526)	(14,814)
Collection of long-term loans receivable	1,487	1,137
Other, net	(9,806)	1,189
Net cash provided by (used in) investing activities	17,169	(73,119)
Financing activities:		
Increase (decrease) in short-term loans payable	(78,234)	3,178
Proceeds from long-term loans payable	2,705	835
Repayments of long-term loans payable	(26,957)	(14,485)
Proceeds from issuance of common shares	—	236,317
Dividends of surplus	(16,193)	(12,755)
Cash dividends paid to non-controlling interests	(1,615)	(1,649)
Other, net	(2,621)	(1,062)
Net cash provided by (used in) financing activities	(122,917)	210,377
Effect of exchange rate change on cash and cash equivalents	(25,029)	2,037
Net increase (decrease) in cash and cash equivalents	66,914	93,465
Cash and cash equivalents at beginning of period	395,526	462,440
Cash and cash equivalents at end of period	462,440	555,906

## Consolidated Subsidiaries and Affiliates As of March 31, 2017

	Company	Incorporated in
<b>Consolidated subsidiaries</b>		
	Hokkaido Mitsubishi Motor Sales Co., Ltd.	Japan
	Higashi Nihon Mitsubishi Motor Sales Co., Ltd.	Japan
	Kanto Mitsubishi Motor Sales Co., Ltd.	Japan
	Chubu Mitsubishi Motor Sales Co., Ltd.	Japan
	Nishi Nihon Mitsubishi Motor Sales Co., Ltd.	Japan
	Pajero Manufacturing 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)* <sup>2</sup>	U.S.A.
	Mitsubishi Motors R&D of America, Inc. (MRDA)	U.S.A.
	Mitsubishi Motor Sales of Canada, Inc. (MMSCAN)	Canada
	Mitsubishi Motor Sales of Caribbean, Inc. (MMSC)	Puerto Rico
	Mitsubishi Motors Europe B.V. (MME)	Netherlands
	Mitsubishi Motor R&D Europe GmbH (MRDE)	Germany
	Mitsubishi Motor Sales Netherlands B.V.	Netherlands
	Mitsubishi Motors Australia, Ltd. (MMAL)* <sup>2</sup>	Australia
	Mitsubishi Motors New Zealand Ltd. (MMNZ)	New Zealand
	Mitsubishi Motors (Thailand) Co., Ltd. (MMTh)* <sup>2</sup>	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 12 other subsidiaries outside Japan in addition to the above.	
<b>Equity-method affiliates</b>		
	Muroran Mitsubishi Motor Sales Co., Ltd.	Japan
	Tokachi Mitsubishi Motor Sales Co., Ltd.	Japan
	Ibaraki Mitsubishi Motor Sales Co., Ltd.	Japan
	Mie Mitsubishi Motor Sales Co., Ltd.	Japan
	Kagawa Mitsubishi Motor Sales Co., Ltd.	Japan
	Miyazaki Mitsubishi Motor Sales Co., Ltd.	Japan
	Higashi Kanto MMC Parts Sales Co., Ltd.	Japan
	NMKV Co., Ltd	Japan
	MMC Diamond Finance Corp.	Japan
	MMD Automobile GmbH	Germany
	Mitsubishi Motors Vietnam Co., Ltd.	Vietnam
	GAC Mitsubishi Motors Co., Ltd. (GMMC)	China
	Note: MMC has 8 other affiliates outside Japan in addition to the above.	
<b>Other associated company</b>		
	Company	Incorporated in
	Nissan Motor Co., Ltd.* <sup>3</sup>	Japan

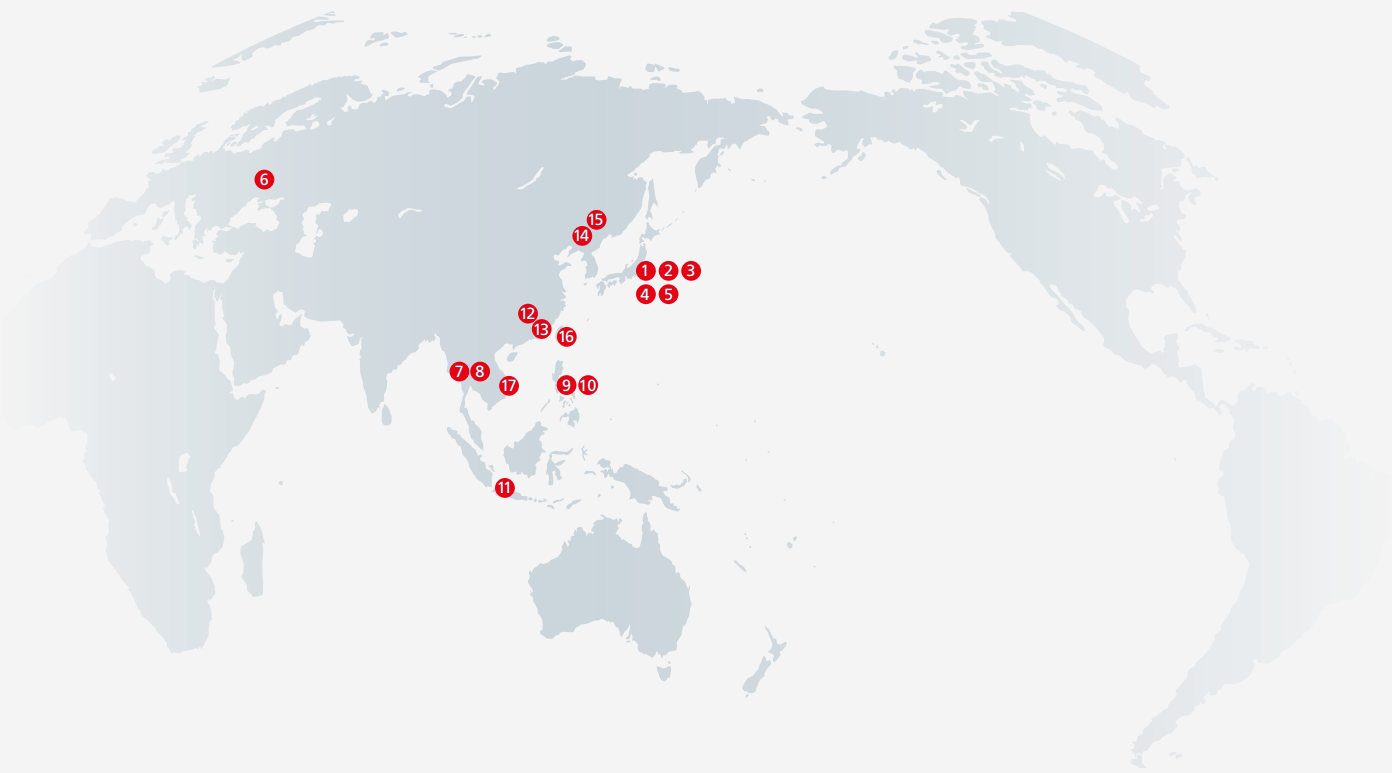
\* 1 Figures in parentheses represent indirect shares.

\* 2 Specified subsidiaries. (Mitsubishi Motors North America, Inc. (MMNA), Mitsubishi Motors Australia, Ltd. (MMAL), Mitsubishi Motors (Thailand) Co., Ltd. (MMTh))

\* 3 A company submitting an annual securities report.

Capitalization (In millions)	Business Lines	MMC Share of Voting Rights (%) <sup>*1</sup>
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 610	Automobile manufacture	100.0
JPY 436	Automobile transport, maintenance and sales of parts	83.2
JPY 350	Automobile engineering	100.0
JPY 100	Manufacture of automobile parts	100.0
USD 398.8	Automobile sales	100.0
USD 2.0	Product development, design, testing, certification	100.0 (100.0)
CAD 2.0	Automobile sales	100.0 (100.0)
USD 47.5	Automobile sales	100.0
EUR 107.2	Automobile parts sales	100.0
EUR 0.8	Product development, design, testing, certification	100.0
EUR 6.8	Automobile sales	100.0
AUD 1,789.9	Automobile sales	100.0
NZD 48.0	Automobile sales	100.0
THB 7,000.0	Automobile assembly, sales	100.0
THB 20.0	Manufacturing of automobile engines and press parts	100.0 (100.0)
PHP 1,640.0	Automobile assembly, sales	51.0
PHP 770.0	Manufacturing of automobile transmissions	100.0 (10.0)
UAD 10.0	Automobile parts sales	100.0
JPY 100	Automobile sales	29.0 (29.0)
JPY 60	Automobile sales	35.0
JPY 30	Automobile sales	40.0
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 30.0	Automobile sales	24.99
VND 410,812	Manufacture and marketing of automobiles	41.2
CNY 1,947.0	Manufacture and marketing of automobiles	30.0
Capitalization (In millions)	Business Lines	Share of Voting Rights in MMC (%) <sup>*1</sup>
JPY 605,814	Automobile manufacture, marketing and related businesses	34.0

## Principal Production Facilities



Country/Region	Name	Major Products
Japan	1. Okazaki Plant	Outlander, Outlander PHEV, ASX (RVR, Outlander Sport)
	2. Mizushima Plant	i-MiEV, Lancer (Galant Fortis), eK Wagon, ek Space, MINICAB-MiEV
	3. Pajero Manufacturing Co., Ltd.	Pajero (Montero), Delica D:5, Outlander
	4. Kyoto Plant–Kyoto	Engines
	5. Kyoto Plant–Shiga	Engines
Russia	6. PCMA Rus	Outlander
Thailand	7. Mitsubishi Motors (Thailand) Co., Ltd. (MMTh)	Mirage, Attrage, Triton, Pajero Sport
	8. MMTh Engine Co., Ltd. (MEC)	Engines
Philippines	9. Mitsubishi Motors Philippines Corporation (MMPC)	Adventure, L300 (Delica), Mirage, Mirage G4
	10. Asian Transmission Corporation (ATC)	Transmissions
Indonesia	11. P.T. Mitsubishi Motors Krama Yudha Indonesia (MMKI)	Pajero Sport, XPANDER
China	12. GAC Mitsubishi Motors Co., Ltd. (GMMC)	Outlander, ASX, Pajero Sport
	13. South East (Fujian) Motor Co., Ltd. (SEM)	Lancer EX, Lancer
	14. Shenyang Aerospace Mitsubishi Motors Engine Manufacturing, Co., Ltd. (SAME)	Engines
	15. Harbin Dongan Automotive Engine Manufacturing, Co., Ltd. (DAE)	Engines, transmissions
Taiwan	16. China Motor Corporation (CMC)	Colt Plus, Lancer Fortis, Outlander, Delica, Veryca
Vietnam	17. Vina Star Motors Corporation (VSM)	Pajero Sport

## Investor Information As of March 31, 2017

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	¥284,382 million
Number of Employees	Consolidated: 29,604 Non-consolidated: 13,222
Stock Listing	Tokyo Stock Exchange
Securities Code	7211
Share Trading Unit	100 shares
Number of Shares Outstanding	1,490,282,496
Number of Shareholders	285,658

Major Shareholders	Name	Number of shares held	% of total
	NISSAN MOTOR CO., LTD.	506,620,577	34.00
	Mitsubishi Corporation	137,682,876	9.24
	Mitsubishi Heavy Industries, Ltd.	124,293,855	8.34
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	48,717,212	3.26
	Japan Trustee Services Bank, Ltd. (Trust account)	26,466,000	1.77
	The Master Trust Bank of Japan, Ltd. (Trust account)	24,103,600	1.61
	MHI Automotive Capital, LLC 2	23,768,200	1.59
	CREDIT SUISSE SECURITIES (USA) LLC SPCL. FOR EXCL. BEN	17,951,094	1.20
	Japan Trustee Services Bank, Ltd. (Trust account 9)	14,023,900	0.94
	JP MORGAN CHASE BANK 385632	13,911,684	0.93

(Note) The percentage of shares held is calculated in proportion to the number of issued shares excluding treasury stock (222,136 shares).

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	(Contact)
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