

Financial Information as of March 31, 2017

(The English translation of the
“Yukashoken-Houkokusho” for
the year ended March 31,2017)

MITSUBISHI MOTORS
CORPORATION

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Document title:	Annual Securities Report (“ <i>Yukashoken-Houkokusho</i> ”)
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Company name:	三菱自動車工業株式会社 (<i>Mitsubishi Jidosha Kogyo Kabushiki Kaisha</i>)
Company name in English:	MITSUBISHI MOTORS CORPORATION
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A. Company Information

I. Overview of the Company

1. Summary of business results

(1) Transition of summary of business results for the five most recent fiscal years

Fiscal year		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Year ended		March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017
Net sales	Millions of yen	1,815,113	2,093,409	2,180,728	2,267,849	1,906,632
Ordinary profit (loss)	Millions of yen	93,903	129,472	151,616	141,027	8,944
Profit (loss) attributable to owners of parent	Millions of yen	37,978	104,664	118,170	72,575	(198,524)
Comprehensive income	Millions of yen	88,459	121,808	148,035	32,482	(204,740)
Net assets	Millions of yen	351,227	550,009	670,766	685,337	703,463
Total assets	Millions of yen	1,452,809	1,543,890	1,582,802	1,433,725	1,484,413
Net assets per share	Yen	(92.12)	549.63	669.74	682.45	463.37
Basic earnings (loss) per share	Yen	66.05	156.60	120.16	73.80	(164.11)
Diluted earnings per share	Yen	37.09	104.29	—	—	—
Equity-to-asset ratio	%	23.42	35.01	41.61	46.81	46.51
Return-on-equity ratio	%	12.72	23.77	19.71	10.92	(29.16)
Price/earnings ratio	Times	14.84	6.90	9.03	11.42	—
Net cash provided by (used in) operating activities	Millions of yen	172,227	210,443	177,008	197,691	(45,829)
Net cash provided by (used in) investing activities	Millions of yen	(114,327)	(81,352)	(71,327)	17,169	(73,119)
Net cash provided by (used in) financing activities	Millions of yen	(8,310)	(82,083)	(131,494)	(122,917)	210,377
Cash and cash equivalents	Millions of yen	361,167	411,695	395,526	462,440	555,906
Number of employees (As of March 31, 2017) [Number of temporary employees not included in the above figures]	Number	29,822 [5,412]	30,280 [5,425]	30,498 [5,324]	29,555 [4,515]	29,604 [3,892]

- (Notes)
1. Net sales do not include consumption taxes.
 2. The number of employees is the number of employees currently on duty.
 3. Ten shares of common stock were consolidated into one share on August 1, 2013, and calculated net assets per share, earnings (loss) per share, and diluted earnings per share on the assumption that the share consolidation was conducted at the beginning of the FY 2012.
 4. Diluted earnings per share for the FY 2014, FY 2015 and FY 2016 are not shown because there are no potential shares.
 5. Price/earnings ratio for the FY 2016 are not shown because there are loss per share.

(2) Transition of significant non-consolidated business indicators for the five most recent fiscal years

Fiscal year		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Year ended		March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017
Net sales	Millions of yen	1,383,389	1,671,622	1,774,489	1,806,047	1,567,436
Ordinary profit (loss)	Millions of yen	75,290	102,831	123,058	102,685	40,521
Profit (loss)	Millions of yen	38,696	93,641	121,918	42,272	(157,387)
Common stock	Millions of yen	657,355	165,701	165,701	165,701	284,382
Total number of issued shares	Thousands of shares	6,080,900	983,661	983,661	983,661	1,490,282
Total net assets	Millions of yen	170,789	349,699	447,458	470,184	540,427
Total assets	Millions of yen	982,418	1,035,396	964,905	938,787	1,073,008
Net assets per share	Yen	(370.81)	355.59	454.99	478.10	362.69
Dividend per share (Interim dividend per share included in the above amount)	Yen (Yen)	– (–)	25.00 (–)	16.00 (7.50)	16.00 (8.00)	10.00 (5.00)
Basic earnings (loss) per share	Yen	67.30	140.11	123.97	42.98	(130.11)
Diluted earnings per share	Yen	37.80	93.31	–	–	–
Equity-to-asset ratio	%	17.38	33.77	46.37	50.08	50.37
Return-on-equity ratio	%	24.99	35.98	30.59	9.21	(31.15)
Price/earnings ratio	Times	14.56	7.71	8.75	19.61	–
Dividend payout ratio	%	–	17.84	12.91	37.22	–
Number of employees (As of March 31, 2017) [Number of temporary employees not included in the above numbers]	Number	12,773 [804]	12,698 [1,404]	12,848 [1,473]	13,033 [1,743]	13,222 [1,793]

(Notes) 1. Net sales do not include consumption taxes.

2. Ten shares of common stock were consolidated into one share on August 1, 2013, and calculated net assets per share, earnings (loss) per share, and diluted earnings per share on the assumption that the share consolidation was conducted at the beginning of the FY 2012.

3. Diluted earnings per share for the FY 2014, FY 2015 and FY 2016 are not shown because there are no potential shares.

4. Price/earnings ratio and Dividend payout ratio for the FY 2016 are not shown because there are loss per share.

2. Company history

Date	Outline
April 1970	Mitsubishi Motors Corporation (MMC) incorporated as wholly-owned subsidiary of Mitsubishi Heavy Industries, Ltd. (MHI)
June 1970	MMC started business taking over MHI motor vehicle division operations. MHI's certain facilities of Kyoto Works (presently Kyoto Powertrain Plant), Nagoya Motor Vehicle Works, Mizushima Motor Vehicle Works (presently Mizushima Plant) and one other Vehicle Works transferred from MHI to MMC
August 1977	MMC commissioned Nagoya Motor Vehicle Works (presently Nagoya Plant) - Okazaki Plant
December 1979	MMC commissioned Kyoto Works - Shiga Plant (presently Shiga Powertrain Plant)
October 1980	MMC and Mitsubishi Corporation jointly established Mitsubishi Motors Australia Ltd. (MMAL) (MMC subsequently acquired all MMAL shares in December 2001)
December 1981	MMC and Mitsubishi Corporation jointly established Mitsubishi Motors Sales of America, Inc.
October 1984	MMC took over management of Mitsubishi Motor Sales Co., Ltd. (established on October 1964)
October 1985	MMC established Diamond-Star Motors Corporation (DSM) as a joint venture company with Chrysler Corporation (MMC subsequently acquired all DSM shares in October 1991 and renamed "Mitsubishi Motor Manufacturing of America, Inc." (MMNA) in July 1995)
December 1988	MMC shares listed on First Section of Tokyo, Osaka and Nagoya stock exchanges (MMC shares delisted from Nagoya Stock Exchange in November 2003 and delisted from Osaka Stock Exchange in November 2009)
March 1995	MMC acquired the majority of shares in Toyo Koki Co. Ltd. (renamed "Pajero Manufacturing Co., Ltd." (PMC) in July 1995 and MMC subsequently acquired all PMC shares in March 2003)
November 1996	MMC commissioned Tokachi Proving Ground in Hokkaido.
August 1997	MMC acquired the majority of shares in MMC Sittipol Co., Ltd. (renamed "Mitsubishi Motors (Thailand) Co., Ltd." (MMTh) in November 2003 and MMC subsequently acquired all MMTh shares in August 2008)
February 1999	MMC acquired shares in Netherlands Car B.V. bringing its equity interest up to 50% (15% stake held by MMC associates included) (MMC additionally acquired shares in Netherlands Car B.V. in March 2001, thereby increasing its equity interest to 100% (15% stake held by MMC associates included))
March 2000	MMC signed basic agreement on business alliance for overall passenger vehicle operations including capital participation with DaimlerChrysler AG (DaimlerChrysler AG acquired 34% of shares in MMC in October 2000 and subsequently sold all shares in November 2005)
December 2002	Mitsubishi Motors Europe B.V. (MME) (established in January 1977) implemented an absorption-type merger with Mitsubishi Motors Sales Europe B.V. (established in March 1993)
January 2003	Mitsubishi Motor Sales of America, Inc., Mitsubishi Motor Manufacturing of America, Inc. and one other company merged to form Mitsubishi Motors North America, Inc.
January 2003	MMC spun off truck and bus operations into a separate company, incorporating them as Mitsubishi Fuso Truck and Bus Corporation (MFTBC).
March 2003	MMC transferred a 43% stake in MFTBC to DaimlerChrysler AG and a collective 15% stake to 10 Mitsubishi group firms, leaving it with a shareholding of 42% in MFTBC (MMC transferred all remaining MFTBC shares to DaimlerChrysler AG in March 2005)
May 2003	MMC moved its head office to 2-16-4, Konan, Minato-ku, Tokyo
January 2007	MMC moved its head office to 5-33-8, Shiba, Minato-ku, Tokyo
March 2008	Car production terminated at Mitsubishi Motors Australia Limited
April 2010	Established a new plant in Russia under the agreement between MMC and France's PSA Peugeot Citroen
December 2012	MMC and MME transferred all shares in Netherlands Car B.V. to VDL Groep B.V. in the Netherlands
March 2015	MMC and Mitsubishi Corporation jointly established PT Mitsubishi Motors Krama Yudha Indonesia (MMKI)
November 2015	Car production terminated at Mitsubishi Motors North America, Inc.
May 2016	MMC and Nissan Motor Co., Ltd. signed Strategic Alliance Agreement regarding Capital and Business Alliance (Nissan Motor Co., Ltd. acquired 34% of shares in MMC in October 2016)

3. Description of business

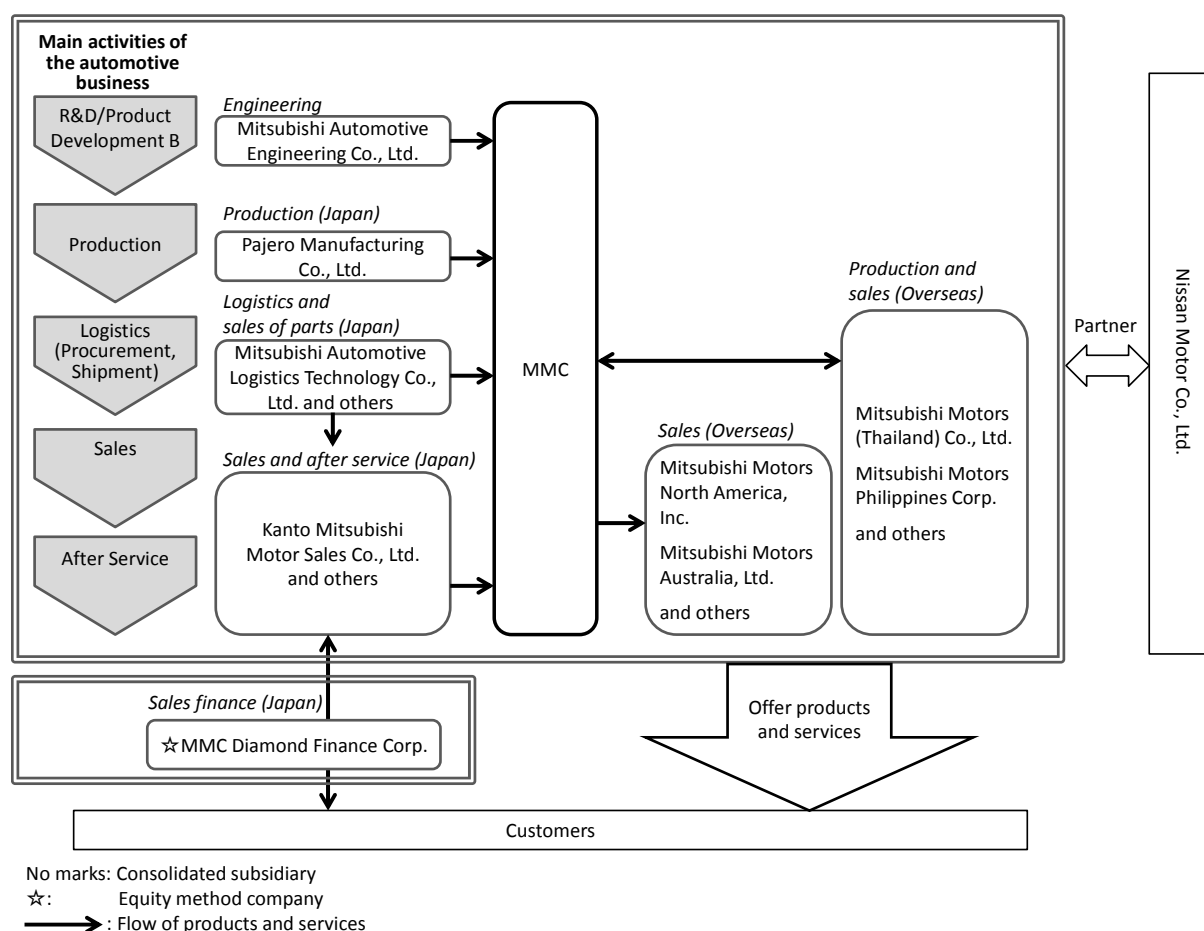
The MMC Group comprises MMC, 35 consolidated subsidiaries and 20 equity method associates (as at March 31, 2017). The MMC Group is engaged in the development, production and sales of passenger vehicles and their parts and components, as well as in auto financing operations. MMC conducts most of the development work.

In Japan, MMC produces standard and small passenger vehicles and light vehicles, while Pajero Manufacturing Co., Ltd. produces some Mitsubishi-brand sport utility vehicles (including the PAJERO). Mitsubishi-brand vehicles are sold in Japan by Kanto Mitsubishi Motors Sales Co., Ltd. and other Mitsubishi Motors sales companies. Mitsubishi Automotive Engineering Co., Ltd. undertakes some of the development of MMC products. Mitsubishi Automotive Logistics Technology Co., Ltd. is responsible for the transport of Mitsubishi-brand cars throughout Japan and also for some predelivery inspection and maintenance work.

Outside Japan, Mitsubishi-brand cars are produced and sold in Thailand by Mitsubishi Motors (Thailand) Co., Ltd. Auto lease and financing services are provided by MMC Diamond Finance Corp.

In addition to the above, MMC and Nissan Motor Co., Ltd. have forged strategic alliance to cooperate in areas including purchasing, common vehicle platforms, technology-sharing, joint plant utilization and growth markets in May 2016.

The MMC Group structure and constituent company products and services outlined above are shown in the diagram below. (only main companies are shown).



(Major products)

(i) SUVs and pickup trucks

RVR/OUTLANDER SPORT/ASX, OUTLANDER, OUTLANDER PHEV, TRITON/L200/L200 SPORTERO / STRADA,⁽¹⁾ PAJERO / MONTERO, PAJERO SPORT / MONTERO SPORT⁽¹⁾

(ii) Passenger vehicles and minivans

ATTRAGE / MIRAGE G4,⁽¹⁾ DELICA D:2,⁽²⁾ DELICA D:3,⁽²⁾ DELICA D:5, DELICA VAN,⁽²⁾ MIRAGE / SPACE STAR, LANCER,⁽¹⁾ LANCER SPORTBACK,⁽¹⁾ LANCER CARGO⁽²⁾

(iii) Light vehicles

i-MiEV, eK SPACE, eK WAGON, TOWN BOX,⁽²⁾ MINICAB TRUCK,⁽²⁾ MINICAB VAN,⁽²⁾ MINICAB MiEV, MINICAB MiEV TRUCK

Notes (1) Vehicle models that are exclusively available outside Japan

(2) Vehicle models provided by OEM

4. Status of subsidiaries and associates

(1) Parent company

Not applicable.

(2) Consolidated subsidiaries

Company name	Location	Capital stock (million JPY)	Business lines	Percentage of voting stock holding (%)	Relationship
Hokkaido Mitsubishi Motor Sales Co., Ltd.	Chuo-ku, Sapporo-shi	100	Automobile sales	100.0	Sales of MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes Loans: Yes
Higashi Nihon Mitsubishi Motor Sales Co., Ltd.	Fukushima-shi, Fukushima	100	Automobile sales	100.0	Sales of MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes
Kanto Mitsubishi Motor Sales Co., Ltd.	Meguro-ku, Tokyo	100	Automobile sales	100.0	Sales of MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes Loans: Yes
Chubu Mitsubishi Motor Sales Co., Ltd.	Higashi-ku, Nagoya-shi	100	Automobile sales	100.0	Sales of MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes
Nishi Nihon Mitsubishi Motor Sales Co., Ltd.	Yodogawa-ku, Osaka-shi	100	Automobile sales	100.0	Sales of MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes
Pajero Manufacturing Co., Ltd.	Kamo-gun, Gifu	610	Automobile manufacture	100.0	Manufacturing of some MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes
Mitsubishi Automotive Logistics Technology Co., Ltd.	Takatsu-ku, Kawasaki-shi	436	Automobile transport and maintenance Sales of automobile parts	83.2	Transport and maintenance of MMC products Sales of parts of MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes
Mitsubishi Automotive Engineering Co., Ltd.	Okazaki-shi, Aichi	350	Automobile development	100.0	Development of some of MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes
Suiryo Plastics Co., Ltd.	Kurashiki-shi, Okayama	100	Manufacture of automobile parts	100.0	Manufacturing of parts of some MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes

Company name	Location	Capital stock	Business lines	Percentage of voting stock holding (%)	Relationship
Mitsubishi Motors North America, Inc. ^{*2,3,4}	Cypress, California, the United States	398,812 thousand USD	Automobile sales	100.0	Sales of the MMC Group products Concurrent positions of corporate officers: Yes
Mitsubishi Motors R&D of America, Inc.	Ann Arbor, Michigan, the United States	2,000 thousand USD	Investigation, testing and research related to automobiles	100.0 (100.0)	Development base of the MMC Group automobile in the United States Concurrent positions of corporate officers: Yes
Mitsubishi Motor Sales of Canada, Inc.	Mississauga, Ontario, Canada	2,000 thousand CAD	Automobile sales	100.0 (100.0)	Sales of the MMC Group products Concurrent positions of corporate officers: Yes
Mitsubishi Motor Sales of Caribbean, Inc.	Toa Baja, Puerto Rico	47,500 thousand USD	Automobile sales	100.0	Sales of the MMC Group products Concurrent positions of corporate officers: Yes
Mitsubishi Motors Europe B.V.	Born, the Netherlands	107,165 thousand EUR	Automobile parts sales	100.0	After sales service in Europe Concurrent positions of corporate officers: Yes
Mitsubishi Motor R&D Europe GmbH	Trebur, Germany	767 thousand EUR	Investigation, testing and research related to automobiles	100.0	Development base of the MMC Group automobile in Europe Concurrent positions of corporate officers: Yes Loans: Yes
Mitsubishi Motor Sales Netherlands B.V.	Amstelveen, the Netherlands	6,807 thousand EUR	Automobile sales	100.0	Sales of the MMC Group products Concurrent positions of corporate officers: Yes Loans: Yes

Company name	Location	Capital stock	Business lines	Percentage of voting stock holding (%)	Relationship
Mitsubishi Motors Australia, Ltd.* ²	Clovelly Park, Australia	1,789,934 thousand AUD	Automobile sales	100.0	Sales of the MMC Group products Concurrent positions of corporate officers: Yes
Mitsubishi Motors New Zealand Ltd.	Porirua, New Zealand	48,000 thousand NZD	Automobile sales	100.0	Sales of the MMC Group products Concurrent positions of corporate officers: Yes Loans: Yes
Mitsubishi Motors (Thailand) Co., Ltd.* ²	Pathumthani, Thailand	7,000,000 thousand THB	Automobile assembly, sales	100.0	Assembly, sales of the MMC Group products Concurrent positions of corporate officers: Yes
MMTh Engine Co., Ltd.	Chonburi, Thailand	20,000 thousand USD	Manufacturing of automobile engines and press parts	100.0 (100.0)	Manufacturing of automobile engines and press parts for MMTh products Concurrent positions of corporate officers: Yes
Mitsubishi Motors Philippines Corp.	Santa Rosa, Philippines	1,640,000 thousand PHP	Automobile assembly, sales	51.0	Assembly, sales of the MMC Group products Concurrent positions of corporate officers: Yes
Asian Transmission Corp.	Calamba, Philippines	770,000 thousand PHP	Manufacturing of automobile transmissions	100.0 (10.0)	Manufacturing of automobile transmissions for the MMC Group products Concurrent positions of corporate officers: Yes
Mitsubishi Motors Middle East and Africa FZE	Dubai, U.A.E.	10,000 thousand AED	Automobile parts sales	100.0	Sales of parts of MMC products Concurrent positions of corporate officers: Yes
12 other subsidiaries in addition to the above					

(3) Equity-method associates

Company name	Location	Capital stock	Business lines	Percentage of voting stock holding (%)	Relationship
Muroran Mitsubishi Motor Sales Co., Ltd.	Muroran-shi, Hokkaido	100 million JPY	Automobile sales	29.0 (29.0)	Sales of MMC products
Tokachi Mitsubishi Motor Sales Co., Ltd.	Obihiro-shi, Hokkaido	60 million JPY	Automobile sales	35.0	Sales of MMC products Concurrent positions of corporate officers: Yes
Ibaraki Mitsubishi Motor Sales Co., Ltd.	Mito-shi, Ibaraki	30 million JPY	Automobile sales	40.0	Sales of MMC products Concurrent positions of corporate officers: Yes
Mie Mitsubishi Motor Sales Co., Ltd.	Yokkaichi-shi, Mie	58 million JPY	Automobile sales	24.8	Sales of MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes
Kagawa Mitsubishi Motor Sales Co., Ltd.	Takamatsu-shi, Kagawa	50 million JPY	Automobile sales	23.0	Sales of MMC products Concurrent positions of corporate officers: Yes
Miyazaki Mitsubishi Motor Sales Co., Ltd.	Miyazaki-shi, Miyazaki	60 million JPY	Automobile sales	38.8	Sales of MMC products Concurrent positions of corporate officers: Yes
Higashi Kanto MMC Parts Sales Co., Ltd.	Mihama-ku, Chiba	100 million JPY	Automobile parts sales	33.0 (10.0)	Development of parts of MMC products Concurrent positions of corporate officers: Yes
NMKV Co., Ltd.	Minato-ku, Tokyo	10 million JPY	Automobile planning and development	50.0	Development of some of MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes
MMC Diamond Finance Corp.	Minato-ku, Tokyo	3,000 million JPY	Auto sales financing, leasing, and rentals	47.0	Auto sales financing, leasing, and rentals of MMC products Concurrent positions of corporate officers: Yes
MMD Automobile GmbH	Rüsselsheim, Germany	30,000 thousand EUR	Automobile sales	24.99	Sales of the MMC Group products Concurrent positions of corporate officers: Yes
Mitsubishi Motors Vietnam Co., Ltd.	Binh Duong, Vietnam	410,812,000 thousand VND	Automobile assembly, sales	41.2	Assembly, sales of the MMC Group products Concurrent positions of corporate officers: Yes
GAC Mitsubishi Motors Co., Ltd.	Changsha, China	1,947,000 thousand CNY	Automobile assembly, sales	30.0	Assembly, sales of the MMC Group products Concurrent positions of corporate officers: Yes
8 other associates in addition to the above					

(4) Other subsidiary and associate

Company name	Location	Capital stock (million JPY)	Business lines	Percentage of voting stock held (%)	Relationship
Nissan Motor Co., Ltd.*5	Kanagawa-ku Yokohama-shi,	605,814	Automobile assembly, sales and related business	34.0	Sales of MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes

(Notes) 1. Figures in parentheses in the “Percentage of voting stock holding/held” column represents the percentage of indirect holding/indirect held.

*2. These companies are classified as “Specified subsidiaries.”

*3. Significant overdraft company and its excess amount (after consolidation adjustment) are shown below.
Mitsubishi Motors North America, Inc. 17,330 million yen

*4. Net sales (excluding consolidated intercompany sales within the MMC Group) of Mitsubishi Motors North America, Inc. exceeded 10% of consolidated net sales. Key profit and loss information is shown below.
Mitsubishi Motors North America, Inc. (Consolidated)

(1) Net sales	276,554 million yen
(2) Ordinary profit (loss)	955
(3) Profit (loss)	(13,491)
(4) Net assets	(17,330)
(5) Total assets	82,412

*5. Nissan Motor Co., Ltd. is a company that is obliged to file an annual securities report.

6. “Concurrent positions of corporate officers” shown in the “Relationship” column include concurrent positions of corporate officers of the respective companies held by corporate officers or employees dispatched from MMC or other consolidated subsidiaries, as well as secondments and work transfers.

5. Employees

(1) Number of employees at consolidated companies

(As of March 31, 2017)

Name of business segment	Number of employees	
Automobile	29,604	(3,892)
Total	29,604	(3,892)

- (Notes)
1. The number of employees is the number of employees currently on duty (excluding corporate officers).
 2. The number of temporary employees (part-time employees, fixed-term employees, dispatched employees, etc.) as of March 31, 2017 is presented in parentheses and not included in the figures on the left.

(2) Number of employees at reporting company

(As of March 31, 2017)

Name of business segment	Number of employees			Average age (Year-old)	Average number of years employed (Years)	Average annual salary (Yen)
	Administrative/engineering employees	Shop floor employees	Total			
Automobile	7,487 (795)	5,735 (998)	13,222 (1,793)	40.8	16.2	7,185,000

- (Notes)
1. The number of employees is the number of employees currently on duty (excluding corporate officers).
 2. “Shop floor employees” refers to employees directly involved in production activities, employees that assist production activities and employees that provide instruction and supervision related to production activities. “Administrative/engineering employees” refers to employees other than shop floor employees.
 3. The number of temporary employees (part-time employees, fixed-term employees, dispatched employees, etc.) as of March 31, 2017 is presented in parentheses and not included in the figures on the above.
 4. Average annual salary (including tax) includes bonuses and surplus wages.

(3) Workers Unions

Workers’ unions associated with MMC and its domestic consolidated subsidiaries are affiliated with Japan Automobile Workers’ Unions through the Federation of All Mitsubishi Motors and Mitsubishi Fuso Workers Unions.

II. Overview of Business

1. Overview of business performance, etc.

(1) Operating results

Global sales volume (retail) for the current fiscal year was 926,000 units in total (down 122,000 year on year or down 12% year on year).

Japan: The recovery in the second half of the fiscal year did not offset the substantial decrease immediately after the issue of improper conduct in fuel consumption testing and the volume dropped 22% year on year to 80,000 units.

North America: The strong sales of the OUTLANDER contributed to a 2% increase year on year, resulting in 138,000 units.

Europe: As a whole, the volume decreased 13% year on year to 179,000 units because of the continuing decline in Russia which has been experiencing the difficult economic situation, as well as of the substantial fall in the sales of the OUTLANDER PHEV which was impacted by the change in the tax incentives in the Netherlands and some other countries.

Asia: The robust sales in China in which local production of the OUTLANDER begun contributed to a year-on-year increase. The unit sales in Asia as a whole including ASEAN were 315,000 units, down 2% year on year.

Other Regions: Sales volume dropped 24% to 214,000 units in the Middle East and Latin America due to the prolonged impact of falling commodity prices.

Net sales for the current fiscal year was 1,906.6 billion yen (decrease by 361.2 billion yen year on year, or down 16% year on year). Operating profit was affected by a decline in sales volume, unfavorable exchange rate movements, and an increase in recall cost, but these adverse impacts were partially offset by the cost reduction efforts, to enable us to post 5.1 billion yen (down 133.3 billion yen year on year, or down 96% year on year). Ordinary profit was 8.9 billion yen (down 132.1 billion yen year on year, or down 94% year on year). Profit attributable to owners of parent was a loss of 198.5 billion yen (down 271.1 billion yen year on year) due to the issue of improper conduct in loss on fuel consumption test of 165.5 billion yen reported in the extraordinary loss.

(2) Cash flow

Cash flows from operating activities for the current fiscal year came to a net outflow of 45.8 billion yen. This compared to a net inflow of 197.7 billion yen in the previous fiscal year.

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 the previous fiscal year.

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 the previous fiscal year.

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 current period stood at 555.9 billion yen. This compared to a balance of 462.4 billion yen at the end of the previous fiscal year.

2. Production, orders and sales

(1) Production

Production for the current fiscal year is as follows.

	Current fiscal year Quantity (Units)	Year on year (%)
Japan	531,471	81.4
Overseas	547,875	98.7
Asia	532,875	108.8
Other	15,000	62.8
Total	1,079,346	89.4

- (Notes) 1. Figures for production quantity in the table above are totals of built-up vehicles produced by MMC and its consolidated subsidiaries (knockdown production is also included in the quantity in Japan) which include the OEM production for other companies and jointly-developed vehicle production conducted by MMC.
2. Beginning from the fiscal year ended March 31, 2013, locally branded models produced in China, which to date had been included in the output figure for China, are now excluded from the overseas production figure.

(2) Orders

MMC generally operates on a make-to-stock basis, except for special cases such as when dealing with large-lot demand.

(3) Sales

Sales results during the current fiscal year are as follows.

	Current fiscal year		Year on year (%)	
	Quantity (Units)	Sales (Millions of yen)	Quantity	Sales
Japan	180,588	297,313	73.3	72.0
Overseas	926,265	1,609,316	93.2	86.8
North America	168,684	297,139	109.7	91.5
Europe	224,656	433,482	96.5	84.2
Asia	316,700	433,536	97.6	89.8
Oceania	83,719	202,591	102.7	94.9
Other Regions	132,506	242,568	65.9	75.9
Total	1,106,853	1,906,632	89.3	84.1

- (Notes) 1. Sales results represent the sales quantity of built-up vehicles and knockdown kits to external customers, classified by the geographic location of the external customers.
2. The sales results by major customer and their ratios against total sales are as follows.

Customer	Previous fiscal year		Current fiscal year	
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
Mitsubishi Corporation	266,744	11.8	271,865	14.3

3. Above stated amounts do not include consumption taxes.

3. Management policy, business environment and issues to be addressed

Any future forecasts included in the following descriptions are based on the best estimates or judgment of the MMC Group as of March 31, 2017.

(1) Business environment

In the globalizing automobile industry, developed nations and regions are demanding both better fuel consumption and exhaust purification, increasingly sophisticated accident-prevention and safety technology requiring advanced IT technology, and improved value-added functions, such as those available in connected cars. In this environment, further advances and further prolongation in research and development and further intensification of competition are expected in the near future.

Specifically, environmental regulations are likely to become more stringent both in developed and emerging markets. MMC is also expecting increased research and development expenses and capital expenditures for research and development of internal combustion engines (ICE) to satisfy these environmental regulations, and to bolster its electric vehicle and plug-in hybrid vehicle product line-up.

In the advanced accident-prevention and safety technology and connected car field, longer development cycles and large-scale purchases will be necessary to purchase high-valued added parts from large automotive parts and electronics manufacturers.

(2) Management policy and issues to be addressed

i) Efforts to recover trust

On top of past quality issues, MMC 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, MMC's formerly pyramid-shaped organization has been restructured along functional lines. This has flattened MMC's organization and simplified our hierarchy. In addition, with the purpose of making decision-making more efficient and clarifying responsibilities, MMC 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. MMC 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, MMC 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. A Structural Reform Promotion Office established on July 1, 2016 has enabled MMC 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. MMC 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, MMC 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.

ii) Towards a V-shaped recovery

MMC intends to achieve a V-shaped recovery in FY 2017, which will be a crucial moment as MMC embarks on the first fiscal year of its next mid-term management plan. There are two main management issues that need to be addressed to achieve corporate growth:

1) MMC will continually strive to increase sales while increasing business efficiency, as growth is an essential driving force behind any company. This requires setting appropriate pricing, optimizing grade mixes, improving the brand through strengthening marketing strategies, and strengthening the performance of sales companies based on clear performance criteria.

2) It is important to ensure the launch quality of new models on both the development and production sides.

MMC is making progress on improving its management of profit. This will involve a move towards a model that will generate profits by measuring our monthly profit and loss thoroughly against these two criteria – increased sales and improved quality – under our new senior management, which was put in place during the current fiscal year.

Finally, together with Nissan, MMC is accelerating the creation of short-term and mid-term synergies, primarily by reducing and avoiding costs, and by sharing resources related mainly to facilities and development. MMC has gained access to significant opportunities for synergies by joining the Renault-Nissan Alliance, the world's third-largest automotive alliance with 10 million unit sales per year. To date, Mitsubishi Motors has pursued a strategy of market and product focus and selective market expansion. This required investment of limited resources in areas where MMC could compete with other companies independently. In the future, MMC will be able to realize opportunities in product development, purchasing, technology, manufacturing, market expansion and services by using the strength of the Alliance. We have a chance to fulfill our potential by utilizing new technological assets such as autonomous cars, connected cars, and further electrification to provide even more attractive products and technology for our customers.

4. 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. Matters concerning the future are judged as of the date of submission of this securities report unless otherwise stated.

(1) 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.

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(6) 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 endeavors to hedge risks involved in foreign currency receivables and payables through the prudent use of derivative contracts and other instruments but fluctuations in foreign exchange rates may still seriously impact the operating results and/or financial standing of the MMC Group.

- (7) Impact of failure to achieve mid-term 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 mid-term 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.

- (8) 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.

- (9) 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.

- (10) 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.

- (11) 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.

(12) 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.

(13) 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.

5. Critical contracts for operation

Company which entered into agreement	Counterparty		Agreement	Date on which agreement entered into
	Name	Country		
Mitsubishi Motors Corporation (MMC)	China Aerospace Automotive Industry Group Co. Shenyang Jianhua Motors Engine Co., Ltd. Mitsubishi Corporation MCIC Holdings Sdn. Bhd.	China China Japan Malaysia	Agreement on the establishment of Shenyang Aerospace Mitsubishi Motors Engine Manufacturing Co., Ltd. regarding automobile engine business in China	May 15, 1997
Mitsubishi Motors Corporation (MMC)	Harbin Dong-An Engine Manufacturing Company Harbin Aircraft Manufacturing Corporation Harbin Dongan Auto Engine Co., Ltd. Mitsubishi Corporation MCIC Holdings Sdn. Bhd.	China China China Japan Malaysia	Agreement on the establishment of Harbin Dongan Automotive Engine Manufacturing Co., Ltd. regarding automobile engine business in China	June 16, 1998
Mitsubishi Motors Corporation (MMC)	Nissan Motor Co., Ltd. Suzuki Motor Corporation	Japan Japan	Agreement on the rights, obligations, etc. between the shareholders concerning Jatco Ltd.	March 15, 2007
Mitsubishi Motors Corporation (MMC)	Fujian Motor Industrial Corporation China Motor Corporation	China Taiwan	Joint venture agreement with South East (Fujian) Motor Co., Ltd. regarding sales and production of vehicles	March 27, 2006
Mitsubishi Motors Corporation (MMC)	Peugeot Citroen Automobiles SA	France	Joint venture agreement to produce vehicles in Russia	May 19, 2008
Mitsubishi Motors Corporation (MMC)	Guangzhou Automobile Group Company, Ltd. Mitsubishi Corporation	China Japan	Joint venture agreement on the establishment of GAC Mitsubishi Motors Co., Ltd. regarding sales and production of vehicles, etc. in China	September 5, 2012
Mitsubishi Motors Corporation (MMC)	PT Krama Yudha Mitsubishi Corporation	Indonesia Japan	Joint venture agreement to produce vehicles in Indonesia	March 24, 2015
Mitsubishi Motors Corporation (MMC)	Nissan Motor Co., Ltd.	Japan	Strategic Alliance Agreement regarding Capital and Business Alliance with Nissan Motor Co., Ltd.	May 25, 2016

6. Research and development activities

MMC is promoting research and development on the technology theme of “@earth TECHNOLOGY,” a next-generation technology that pursues “Environmental Responsibility,” “Driving Pleasure,” and “Toughness & Safety” in order to meet customers’ expectations and society’s demands. In terms of research and development establishments, in Japan, MMC has the “Technology Development Center” and the “EV Research & Development Center,” which conduct early research, design, and testing of designs and technologies. These facilities also maintain links with MMC’s overseas R&D bases in North America, Europe, China, and Thailand, through which MMC conducts global technology and product development attuned to market characteristics. Looking ahead, MMC will further clarify its unique contribution to the alliance with Nissan Motor Co., Ltd., and continue to develop technologies and products in order to be able to fully harness collaboration synergy effects through sharing basic technologies and so forth.

With respect to “Environmental Responsibility,” MMC has been working towards the realization of a sustainable motorized society through the development of next-generation electric vehicle technologies and next-generation engines (downsized fuel-injected turbo engines, clean diesel engines), as well as developing technologies to improve fuel efficiency, such as weight reduction of chassis and components. In particular, with regard to electric vehicle technologies, the OUTLANDER PHEV, featuring the plug-in hybrid EV system (PHEV) that achieves both long-distance travel and environmental performance, has been highly rated by customers. MMC continues to work on development with the goal of being a leader in electric vehicle technology.

With respect to “Driving Pleasure,” MMC has been conducting ongoing development of next-generation engines that achieve both driving performance and environmental performance, and further advancing MMC’s unique technology, the S-AWC^{*1} four-wheel integrated vehicle dynamics control system. MMC will continue to utilize and develop these technologies in its next generation models, including electric vehicles. In particular, MMC has positioned the combination of motor drive and S-AWC as “e-EVOLUTION,” and will continue their development with the goal of providing both driving pleasure and environmental performance.

In “Toughness & Safety,” MMC continues to work to realize the safety that will enable its customers to drive its cars with peace of mind by developing its advanced preventative safety technology, e-Assist^{*2}, and its collision safety technology, “RISE^{*3} (Realized Impact Safety Evolution)” advanced safety body. Through continued efforts on these safety technologies, MMC’s new model mid-sized SUV, PAJERO SPORT, produced by its production and sales subsidiary in Thailand, Mitsubishi Motors (Thailand) Co., Ltd. (MMTh), was awarded a five-star rating in the 2016 ASEAN NCAP (The New Car Assessment Program for Southeast Asia) in the adult passenger protection assessment, demonstrating the high safety performance of MMC’s latest mid-sized SUV.

In other areas, MMC is developing technologies for providing a comfortable cabin environment (improving ride, quietness, convenience, etc.) as well as developing technologies for connecting with information devices such as a smartphone onboard. In FY2016, MMC caused concern for all of its stakeholders, including customers, due to improper conduct in fuel testing of its vehicles. Going forward, MMC will rigorously implement compliance and develop products that are appealing to its customers in order to recover their trust.

*1: S-AWC: Super All Wheel Control

*2: e-Assist: e-Assist comprises the functions below to support safer driving

- Forward Collision Management System (FCM) (featured on OUTLANDER, OUTLANDER PHEV, PAJERO SPORT)
This radar-based system automatically applies the brakes when there is a risk of collision with the vehicle in front and helps to avoid a collision or reduce impact damage in the event of a collision.
(Pedestrian detection function available only on the OUTLANDER and OUTLANDER PHEV)
- Low Speed Zone Forward Collision Management System (FCM-City) (featured on the eK series and MIRAGE) This radar-based system automatically applies the brakes when there is a risk of collision with the vehicle in front at low speed (from approx. five to approx. 30 km/h) and helps to avoid a collision or reduce impact damage in the event of a collision.
- Lane Departure Warning System (LDW) (featured on the OUTLANDER and OUTLANDER PHEV)
This system alerts the driver when the vehicle starts to drift from its lane while driving.

- Adaptive Cruise Control System (ACC) (featured on OUTLANDER, OUTLANDER PHEV, and PAJERO SPORT)
This system maintains a preset distance with the vehicle in front, even in congested traffic.
- Blind Spot Warning System (featured on OUTLANDER/OUTLANDER PHEV, and PAJERO SPORT)
This system uses an indicator on the door mirror to alert drivers to the presence of other vehicles in the rear-diagonal position, which can easily be a blind spot.
- Ultrasonic Misacceleration Mitigation System (forward and backward featured on OUTLANDER PHEV, PAJERO SPORT; forward featured on the eK series, MIRAGE)
The system mitigates sudden acceleration due to misoperation of the gear shift or accelerator pedal.

*3: RISE: Reinforced Impact Safety Evolution

Research and development spending by the MMC Group in the current fiscal year (automobile business) totaled 57.7 billion yen. The main new products sold between April 2016 and March 2017 were as follows.

1. The light vehicle eK SPACE was released after a major upgrade. The front design was completely overhauled, and a nanoe^{*4} function was added to the rear circulator, which circulates air to the rear seats. These and other improvements helped to increase comfort and convenience. The main product features are as follows.

- (1) Exterior design

The front design was completely overhauled on both the standard and custom models. The standard model was changed to a more endearing design, while the custom model was changed to a design with a powerful presence, adopting MMC's "Dynamic Shield" front design concept.

- (2) Equipment

A function for releasing mildly acidic "nanoe" gentle to skin and hair was added the rear circulator, a distinctive feature of the eK SPACE for circulating air to the rear seats. In addition, a new deodorizing sheet with an added deodorizing function (Inodore Quick Fast-Acting Deodorizer^{®*5}) was also adopted. A wide range of odors, from tobacco and food to sweat and pet odors can be instantly adsorbed and the odor compounds can be broken down by the action of metal ions.

(Excluding the standard models "M" and "M e-Assist" for both)

*4: nanoe=nano-technology + electric and refers to "water saturated with electrically charged ions" developed from cutting edge technology. "nanoe" and "nanoe" mark are trademarks of Panasonic Corporation.

*5: Inodore Quick Fast-Acting Deodorizer[®] in Japanese is a registered trademark of SEIREN Co., Ltd.
The deodorizing effect may be weak for a very limited range of special odors.

2. The plug-in hybrid EV OUTLANDER PHEV and the mid-sized SUV OUTLANDER were both released with partial upgrades. The OUTLANDER PHEV had its recharging control improved, and a new function for prioritizing EV driving mode was added. Furthermore, the preventative safety functions were improved for both models. Both were also fitted with Smartphone Link Display Audio (SDA). The main product features are described below.

- (1) Plug-in hybrid EV system (OUTLANDER PHEV)

In addition to a "battery saving mode" for reducing power consumption from the drive battery, and a "battery charge mode" for charging the battery, a new "EV priority mode" was added to prioritize EV driving mode and reduce starting of the engine as much as possible. Furthermore, improvements to the recharging control achieved a reduction from approximately 30 minutes to approximately 25 minutes for the rapid charging time up to approximately 80% capacity.

- (2) Preventative safety technology e-Assist (both OUTLANDER and OUTLANDER PHEV)

The Forward Collision Mitigation (FCM) system now has an added pedestrian detection function and improved collision avoidance function due to changing the sensor from a milliwave radar to a combination of a camera and a laser radar (the milliwave radar is used for

the Adaptive Cruise Control (ACC) system). Furthermore, in the Lane Departure Warning (LDW) system, the alert precision has been increased, and the alert timing has been optimized.

Moreover, the following new functions have been added: Blind Spot Warning (BSW)/Lane Change Assist (LCA), Rear Cross Traffic Alert (RCTA), and Automatic High Beam (AHB) system.

(All are excluded on the 20G, 24G, and M grades)

(3) Functional equipment (featured in both OUTLANDER and OUTLANDER PHEV)

Smartphone Link Display Audio (SDA) which adds a smartphone-linking function to the display audio comes standard with the highest grade (S Edition) of the OUTLANDER PHEV, and is available as a factory option on other grades (excluding “M” grade). The system is compatible with Apple CarPlay^{*7}, a superior, safer way to use iPhone^{*6*7} inside the vehicle. It is also compatible with Android Auto^{TM*8}, which enables operation of Google Maps^{TM*7} and other apps through sophisticated voice recognition.

*6: The trademark “iPhone” is used with a license from Aiphone K.K.

*7: Apple CarPlay and iPhone are trademarks of Apple Inc., registered in the U.S. and other countries.

*8: Android Auto and Google Map are trademarks or registered trademarks of Google, Inc.

3. In addition to the above, MMC launched certain models with enhanced safety or functional equipment, differentiated the interior and exterior, and improved fuel efficiency.

7. Analysis of financial position, operating results and cash flows

The following analysis and discussions of the MMC Group's financial position, operating results and cash flows are, in principle, based on the consolidated financial statements.

Any future forecasts included in the following descriptions are based on the best estimates or judgment of the MMC Group as of March 31, 2017.

(1) Significant accounting policies and estimates

The MMC Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan (Japan GAAP).

The preparation of consolidated financial statements requires that estimates and assumptions be made that affect the recorded amounts of assets and liabilities, disclosed amounts of contingent assets and liabilities at the end of the current fiscal year, as well as recorded amounts of revenue and expenses during the reporting period. Although the estimates were made based on the past results and methods deemed reasonable, because of uncertainty unique to estimates, actual results could differ from these estimates.

The significant accounting policies applied by the MMC Group in the preparation of the consolidated financial statements are explained in "Material basis of the preparation of consolidated financial statements" of "V. Financial Information, 1. Consolidated financial statements." We consider the following significant accounting policies could materially affect the estimates made in the consolidated financial statements:

i) Provision for loss on fuel consumption test

To provide for losses relating to fuel consumption test, provision is calculated to the extent that can be reasonably projected and estimated at the end of the current fiscal year.

ii) Allowance for product warranties

The MMC Group calculates the provision for product warranties after taking into account, future warranty forecasts based on past results in order to provide for the products' after-service costs. The estimates of after sales service cost may need to be revised when actual product defect rate or repair cost differ from the estimates.

iii) Allowance for doubtful accounts

To prepare for losses from bad debts for trade receivables, loans, etc., allowance for doubtful accounts is provided based on the historical default rate for ordinary receivables, and taking into account individual collectability for specific receivables such as doubtful receivables. An estimate of the amount of specific uncollectible accounts is calculated. In cases where a customer's ability to pay decreases because of financial deterioration due to factors such as changes in economic conditions, recording of the additional allowance for doubtful accounts may be required.

iv) Retirement benefit expenses and retirement benefit obligation

The retirement benefit expenses and retirement benefit obligations of the MMC Group are calculated based on certain actuarial assumptions, including discount rates, expected rate of bonuses, employee turnover rate, as well as mortality rate and long-term rate of return on pension plan assets calculated based on the latest statistical figures. When the actual results differ from assumptions, or when the assumptions are amended, the effect thereof will be accumulated and recognized regularly going forward; thereby affecting the amount of expenses to be recognized and amount of liabilities to be recorded in the future period.

v) Evaluation of deferred tax assets

The MMC Group deducts a valuation allowance from its deferred tax assets in order to reduce the amount to an amount considered to be highly recoverable, then records the net amount. The valuation allowance is calculated giving consideration to future taxable income, tax planning, and other factors. Where all or part of the deferred tax assets are judged to be unrecoverable in the future, an adjustment to deferred tax assets is recognized as an expense in the period during which the judgment was made. Furthermore, where the amount of deferred tax assets recoverable in the future is judged to exceed the recognized amount of deferred tax assets, an adjustment to deferred tax assets is recognized as income in the period during which the judgment was made.

vi) Evaluation of investment securities

The MMC Group retains shares of publicly traded companies with high price volatility and shares of not publicly traded companies for which it is difficult to determine their stock prices. The MMC Group periodically reviews the evaluation of investment securities and conducts impairment accounting if the evaluation falls below the acquisition cost or the carrying amount after impairment by a certain rate or more. Worsening market conditions or unstable performance at invested companies in the future may require the implementation of impairment in the event that losses are not reflected in the current carrying amount or the carrying amount becomes irrecoverable.

vii) Impairment loss of non-current assets

When applying impairment accounting to non-current assets, the MMC Group groups the assets by plant or business site, and so forth, and estimates the future cash flows for each Group. If the recoverable amounts of the future cash flows are less than their carrying amounts, the carrying amount is reduced to the recoverable amount. If the recoverable amount is decreased, impairment loss may be incurred and may affect profit or loss.

(2) Analysis of operating results for the current fiscal year

Refer to “II. Overview of Business 1. Overview of business performance, etc. (1) Operating results.”

(3) Analysis of capital resources and liquidity of funds

Refer to “II. Overview of Business 1. Overview of business performance, etc. (2) Cash flow.”

(4) Policy for future business

Refer to “II. Overview of Business 3. Management policy, business environment and issues to be addressed.”

III. Information about Facilities

1. Outline of capital expenditure

The MMC Group (MMC and its consolidated subsidiaries) invested a total of 58.1 billion yen, mainly in development and research equipment for new products and technologies and production equipment for new products and sales equipment.

Company name	Segment	Details of capital expenditure	Amount of investment (Millions of yen)
MMC	Automobile	Production equipment of automobiles	14,620
		Development and research equipment of automobiles	8,940
		Equipment of automobile sales outlets, etc.	857
		Other	14,840
	Sub total		39,258
Automobile sales companies (five companies)	Automobile	Equipment of automobile sales outlets	4,666
Other domestic subsidiaries (four companies)	Automobile	Production equipment of automobiles and parts, design and testing equipment of automobiles and parts, and transport and storage equipment of automobiles, etc.	2,019
Mitsubishi Motors North America, Inc. and two other companies	Automobile	Equipment of automobile sales outlets, etc.	354
Mitsubishi Motors Europe B.V.	Automobile	Equipment of parts sales outlets, etc.	199
Mitsubishi Motors Australia, Ltd.	Automobile	Equipment of automobile sales outlets, etc.	138
Mitsubishi Motors (Thailand) Co., Ltd. and another company	Automobile	Equipment of automobile sales outlets and production equipment of automobiles, etc.	6,397
Mitsubishi Motors Philippines Corp. and another company	Automobile	Equipment of automobile sales outlets and production equipment of automobiles, etc.	4,643
Other overseas subsidiaries (17 companies)	Automobile	Equipment of automobile sales outlets and production equipment of parts, etc.	449
Total			58,128

- (Notes) 1. Consumption taxes are excluded from the amount of investment.
2. Intangible assets and long-term prepaid expenses are in the amount of investment.

2. Information about Major Facilities

Major facilities of the MMC Group (MMC and its consolidated subsidiaries) are as follows.

(1) Information about reporting company

Classification	Office and factory name (Location)	Segment	Description	Carrying amount (Millions of yen)						Number of employees
				Buildings and Structures	Machinery, equipment and vehicles	Land		Others	Total	
						Size (thousands of m ²)	Amount			
Production equipment	Okazaki Plant (Okazaki-shi, Aichi, etc.)	Automobile	Production equipment of automobiles	10,255	11,719	(2) [15] 458	418	15,185	37,579	2,854
	Powertrain Plant (Ukyo-ku, Kyoto-shi, etc.)	Automobile	Production equipment of automobile engines	5,710	13,351	(11) [32] 453	4,845	3,387	27,295	1,661
	Mizushima Plant (Kurashiki-shi, Okayama)	Automobile	Production equipment of automobiles	4,709	41	(50) [7] 852	2,852	3,618	11,222	3,780
Other equipment	Research & Development Center (Okazaki-shi, Aichi, Ukyo-ku, Kyoto-shi, etc.) (Note) 4	Automobile	Development and research equipment of automobiles	10,238	8,457	(1) [0] 10,612	11,085	6,945	36,727	3,010
	Parts Center (Takatsuki-shi, Osaka, Ama-gun, Aichi, etc.)	Automobile	Supply of parts and management equipment	1,882	776	(257) [—] 14	1,066	135	3,860	70
	Motor Pool (Minato-ku, Nagoya-shi, Kurashiki-shi, Okayama, etc.)	Automobile	Storage equipment of automobiles	1,147	18	(440) [82] 251	5,030	37	6,234	—
	Welfare Facility (Okazaki-shi, Aichi, etc.)	Automobile	Company dormitory, company condominium , etc.	2,708	56	(226) [0] 111	5,345	638	8,748	—
	Sales company (Neyagawa-shi, Osaka, Atsuta-ku, Nagoya-shi, etc.)	Automobile	Sales company	1,359	0	(38) [127] 94	6,973	3	8,336	—
	Others (Takatsu-ku, Kawasaki-shi, etc.)	Automobile	Training facility, etc.	3,806	1,319	(59) [51] 133	10,164	3,110	18,400	1,847

(Notes) 1. The figure in parentheses is the size of leased land.

2. The figure in square brackets is the size of rented out land (including sublet land).

3. The carrying amount of “Others” assets are tools, furniture and fixtures, and construction in progress. Consumption taxes are excluded from the amount of the carrying amount.
4. Within the Research & Development Centers, the size and amount of the land in Ukyo-ku, Kyoto-shi is included within the Powertrain Plant.

(2) Domestic subsidiaries

Office and factory name (Location)	Segment	Description	Carrying amount (Millions of yen)						Number of employees
			Buildings and Structures	Machinery, equipment and vehicles	Land		Others	Total	
					Size (thousands of m ²)	Amount			
Kanto Mitsubishi Motor Sales Co., Ltd. and four other sales companies (Meguro-ku, Tokyo, etc.)	Automobile	Equipment of automobile sales outlets	11,623	4,680	(354) [33] 469	19,033	446	35,783	4,351
Pajero Manufacturing Co., Ltd. (Kamogun, Gifu)	Automobile	Production equipment of automobiles and parts, etc.	2,899	3,644	(57) 163	1,987	838	9,369	941
Mitsubishi Automotive Engineering Co., Ltd. (Okazaki-shi, Aichi)	Automobile	Design and testing equipment of automobiles and parts, etc.	125	6	(10) 1	323	60	515	1,229
Mitsubishi Automotive Logistics Technology Co., Ltd. (Takatsu-ku, Kawasaki-shi)	Automobile	Transport and storage equipment of automobiles and parts, equipment of parts sales outlets, etc.	397	107	(3) 61	1,932	101	2,538	638
Suiryo Plastics Co., Ltd. (Kurashiki-shi, Okayama)	Automobile	Production equipment of parts, etc.	1,477	1,093	(5) 98	1,184	4,148	7,903	585

- (Notes) 1. The figure in parentheses is the size of leased land.
2. The figure in square brackets is the size of rented out land (including sublet land).
3. The carrying amount of "Others" assets are tools, furniture and fixtures, and construction in progress.
Consumption taxes are excluded from the amount of the carrying amount.

(3) Overseas subsidiaries

Office and factory name (Location)	Segment	Description	Carrying amount (Millions of yen)						Number of employees
			Buildings and Structures	Machinery, equipment and vehicles	Land		Others	Total	
					Size (thousands of m ²)	Amount			
Mitsubishi Motors North America, Inc. (U.S.A.) and two other companies	Automobile	Equipment of automobile sales outlets, etc.	1,061	2,364	(181) [22] 232	1,913	387	5,726	519
Mitsubishi Motors Europe B.V. (Netherlands)	Automobile	Equipment of parts sales outlets, etc.	32	87	—	—	125	245	218
Mitsubishi Motors Australia, Ltd. (Australia)	Automobile	Equipment of automobile sales outlets, etc.	915	333	—	—	17	1,267	191
Mitsubishi Motors (Thailand) Co., Ltd. (Thailand) and another company	Automobile	Equipment of automobile sales outlets, production equipment of automobiles, etc.	13,681	49,850	(1,190) 251	1,801	891	66,225	5,339
Mitsubishi Motors Philippines Corp. (Philippines) and another company	Automobile	Equipment of automobile sales outlets, production equipment of automobiles, etc.	2,528	1,616	233	1,836	1,757	7,738	1,497
Other overseas subsidiaries (17 companies)	Automobile,	Equipment of automobile sales outlets, production equipment of parts, etc.	1,795	1,841	(47) [19] 268	2,235	184	6,057	874

- (Notes) 1. The figure in parentheses is the size of leased land.
2. The figure in square brackets is the size of rented out land (including sublet land).
3. The carrying amount of “Others” assets are tools, furniture and fixtures, and construction in progress.

3. Plans for acquisition and disposal of facilities

The capital expenditure of the MMC Group (MMC and its consolidated subsidiaries) is determined separately by the consolidated subsidiaries in principle. However, to ensure against overlap or excessive expenditure across the whole Group, adjustments are made, primarily by MMC.

The MMC Group's main capital expenditures are new equipment and upgrades for production equipment of automobile and automobile parts in the automobile business. For the following fiscal year (FY2017), the MMC Group is planning to make capital investments totaling 100.0 billion yen (new equipment and upgrades) for the year. The planned capital expenditures for MMC and each of its consolidated subsidiaries in the automobile business are presented in the table below.

(Note) The above amounts are the amounts planned as of March 31, 2017. They do not include consumption tax and so forth.

Company name	Segment	Description	Planned amount (Millions of yen)	Method of financing
MMC	Automobile	Production equipment of passenger vehicles, etc.	40,200	Own capital and loans payable
		Development and research equipment of passenger vehicles, etc.	19,430	
		Equipment of automobile sales outlets, etc.	1,070	
		Other	7,970	
	Sub total		68,670	
Automobile sales companies (five companies)	Automobile	Equipment of automobile sales outlets	6,210	Own capital and loans payable
Other domestic subsidiaries (four companies)	Automobile	Production equipment of automobiles and parts, design and testing equipment of automobiles and parts, and transport and storage equipment of automobiles, etc.	3,090	Own capital and loans payable
Mitsubishi Motors North America, Inc. and two other companies	Automobile	Equipment of automobile sales outlets, etc.	360	Own capital and loans payable
Mitsubishi Motors Europe B.V.	Automobile	Equipment of parts sales outlets, etc.	180	Own capital and loans payable
Mitsubishi Motors Australia, Ltd.	Automobile	Equipment of automobile sales outlets, etc.	220	Own capital and loans payable
Mitsubishi Motors (Thailand) Co., Ltd. and another company	Automobile	Equipment of automobile sales outlets and production equipment of automobiles, etc.	6,450	Own capital and loans payable
Mitsubishi Motors Philippines Corp. and another company	Automobile	Equipment of automobile sales outlets and production equipment of automobiles, etc.	6,310	Own capital and loans payable
Other overseas subsidiaries (17 companies)	Automobile	Equipment of automobile sales outlets and production equipment of parts, etc.	8,510	Own capital and loans payable
Total			100,000	

IV. Information about Reporting Company

1. Information about shares, etc.

(1) Total number of shares, etc.

i) Total number of shares

Class	Total number of issuable shares
Common stock	1,575,000,000
Total	1,575,000,000

ii) Issued shares

Class	Number of issued shares (As of March 31, 2017) (Shares)	Number of issued shares (As of the filing date: June 23, 2017) (Shares)	Name of stock listing or the name of authorized financial instruments firms association	Description
Common stock	1,490,282,496	1,490,282,496	Tokyo Stock Exchange (First Section)	Number of shares for share unit: 100 shares
Total	1,490,282,496	1,490,282,496	—	—

(2) Stock acquisition rights

Not applicable.

(3) Exercises, etc. of moving strike convertible bonds, etc.

Not applicable.

(4) Description of rights plan

Not applicable.

(5) Changes in number of issued shares, stated capital, etc.

Date	Change in total number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Change in capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Change in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
From April 1, 2012 to March 31, 2013 Common stock (Note) 1	Common stock 542,943,690 First Series Class A preferred stock (15,400) Second Series Class A preferred stock (25,000) Third Series Class A preferred stock (1,000)	Common stock 6,080,900,530 First Series Class A preferred stock 57,600 First Series Class G preferred stock 130,000 Second Series Class G preferred stock 168,393 Third Series Class G preferred stock 10,200 Fourth Series Class G preferred stock 30,000	—	657,355	—	433,202
From April 1, 2013 to June 30, 2013 (Note) 2	Common stock 98,039,215 First Series Class A preferred stock (10,000)	Common stock 6,178,939,745 First Series Class A preferred stock 47,600 First Series Class G preferred stock 130,000 Second Series Class G preferred stock 168,393 Third Series Class G preferred stock 10,200 Fourth Series Class G preferred stock 30,000	—	657,355	—	433,202
July 10, 2013 (Note) 3	Common stock 49,999,999	Common stock 6,228,939,744 First Series Class A preferred stock 47,600 First Series Class G preferred stock 130,000 Second Series Class G preferred stock 168,393 Third Series Class G preferred stock 10,200 Fourth Series Class G preferred stock 30,000	—	657,355	—	433,202

Date	Change in total number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Change in capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Change in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
August 1, 2013 (Note) 4	Common stock (5,606,045,770)	Common stock 622,893,974 First Series Class A preferred stock 47,600 First Series Class G preferred stock 130,000 Second Series Class G preferred stock 168,393 Third Series Class G preferred stock 10,200 Fourth Series Class G preferred stock 30,000	(491,653)	165,701	(433,202)	—
September 26, 2013 (Note) 5	First Series Class A preferred stock (5,400)	Common stock 622,893,974 First Series Class A preferred stock 42,200 First Series Class G preferred stock 130,000 Second Series Class G preferred stock 168,393 Third Series Class G preferred stock 10,200 Fourth Series Class G preferred stock 30,000	—	165,701	—	—
January 29, 2014 (Note) 6	Common stock 217,750,000	Common stock 840,643,974 First Series Class A preferred stock 42,200 First Series Class G preferred stock 130,000 Second Series Class G preferred stock 168,393 Third Series Class G preferred stock 10,200 Fourth Series Class G preferred stock 30,000	121,940	287,641	121,940	121,194

Date	Change in total number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Change in capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Change in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
January 29, 2014 (Note) 7	–	Common stock 840,643,974 First Series Class A preferred stock 42,200 First Series Class G preferred stock 130,000 Second Series Class G preferred stock 168,393 Third Series Class G preferred stock 10,200 Fourth Series Class G preferred stock 30,000	(121,940)	165,701	(121,940)	–
February 25, 2014 (Note) 8	Common stock 20,419,700	Common stock 861,063,674 First Series Class A preferred stock 42,200 First Series Class G preferred stock 130,000 Second Series Class G preferred stock 168,393 Third Series Class G preferred stock 10,200 Fourth Series Class G preferred stock 30,000	11,435	177,136	11,435	11,435
February 25, 2014 (Note) 7	–	Common stock 861,063,674 First Series Class A preferred stock 42,200 First Series Class G preferred stock 130,000 Second Series Class G preferred stock 168,393 Third Series Class G preferred stock 10,200 Fourth Series Class G preferred stock 30,000	(11,435)	165,701	(11,435)	–

Date	Change in total number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Change in capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Change in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
March 5, 2014 (Note) 9	Common stock 122,598,245	Common stock 983,661,919 First Series Class A preferred stock 42,200 First Series Class G preferred stock 130,000 Second Series Class G preferred stock 168,393 Third Series Class G preferred stock 10,200 Fourth Series Class G preferred stock 30,000	—	165,701	—	—
March 14, 2014 (Note) 10	First Series Class A preferred stock (42,200) First Series Class G preferred stock (130,000) Second Series Class G preferred stock (168,393) Third Series Class G preferred stock (10,200) Fourth Series Class G preferred stock (30,000)	Common stock 983,661,919	—	165,701	—	—
October 20, 2016 (Note) 11	Common stock 506,620,577	Common stock 1,490,282,496	118,680	284,382	118,680	118,680

- (Notes) 1. The increase in the number of shares of common stock is due to the conversion of First Series Class A preferred stock, Second Series Class A preferred stock, and Third Series Class A preferred stock into common stock. The decrease in each class of the number of shares of preferred stock is due to the cancelation of treasury shares.
2. The increase in the number of shares of common stock is due to the conversion of First Series Class A preferred stock into common stock. The decrease in the number of shares of First Series Class A preferred stock is due to the cancelation of treasury shares.
3. The increase in the number of shares of common stock is due to the conversion of First Series Class A preferred stock into common stock.
4. The decrease in the number of shares of common stock is due to a one-for-ten consolidation of common stock. In accordance with the provisions of Article 447 paragraph 1 and Article 448 paragraph 1 of the Companies Act, capital stock and legal capital surplus were reduced.
5. The decrease in the number of shares of First Series Class A preferred stock is due to the cancelation of treasury shares.
6. Public offering 217,750 thousand shares
Issue price 1,120 yen
Amount incorporated into capital 560 yen
7. The decreases in capital stock and legal capital surplus are due to transfer to “other capital surplus” in accordance with the provisions of Article 447 paragraphs 1 and 3 and Article 448 paragraphs 1 and 3 of the Companies Act.
8. Paid-in third-party allotment (paid-in third party allotment related to secondary offering of shares by over-allotment) 20,419,700 shares
Issue price 1,120 yen
Amount incorporated into capital 560 yen
Allottee Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

9. The increase in the number of common stock is due to conversion of First Series Class A preferred stock, First Series Class G preferred stock, Second Series Class G preferred stock, and Fourth Series Class G preferred stock into common stock.
10. The decreases in the number of First Series Class A preferred stock, First Series Class G preferred stock, Second Series Class G preferred stock, Third Series Class G preferred stock, and Fourth Series Class G preferred stock are due to cancelation of treasury shares.
11. Paid-in third-party allotment 506,620,577 shares
 - Issue price 468.52 yen
 - Amount incorporated into capital 234.26 yen
 - Allottee Nissan Motor Co., Ltd.

(6) Shareholder composition

(As of March 31, 2017)

(As of March 31, 2017)

Category	Status of shares (Number of shares constituting one voting unit: 100 shares)								Shares less than one unit (Shares)
	Public sector	Financial institutions	Financial instruments business operators	Other corporations	Foreign investors		Individuals, etc.	Total	
					Companies, etc.	Individuals			
Number of shareholders	–	41	63	1,991	572	239	280,597	283,503	–
Number of shares held (Units)	–	1,818,528	138,004	8,138,163	2,388,796	3,032	2,415,507	14,902,030	79,496
Percentage of voting shares (%)	–	12.20	0.93	54.61	16.03	0.02	16.21	100	–

- (Notes)
1. The 222,136 treasury shares stated in the shareholders register, are presented as follows: 2,221 voting units are included in “Individuals, etc.” and 36 shares are included in “Shares less than one unit.” All treasury shares are actually held.
 2. In “Other corporations,” 64 voting units under the name of the Japan Securities Depository Center, Inc. are included.

(7) Major shareholders

(As of March 31, 2017)

Name	Address	Number of shares held (Shares)	Percentage of total number of shares issued (%)
Nissan Motor Co., Ltd.	2, Takara-cho, Kanagawa-ku, Yokohama-shi, Kanagawa	506,620,577	33.99
Mitsubishi Corporation	2-3-1, Marunouchi, Chiyoda-ku, Tokyo	137,682,876	9.23
Mitsubishi Heavy Industries, Ltd.	2-16-5, Konan, Minato-ku, Tokyo	124,293,855	8.34
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	48,717,212	3.26
Japan Trustee Services Bank, Ltd. (Trust account)	1-8-11, Harumi, Chuo-ku, Tokyo	26,466,000	1.77
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	24,103,600	1.61
MHI Automotive Capital, LLC 2	Mitsubishi Heavy Industries Head Office Building, 2-16-5, Konan, Minato-ku, Tokyo	23,768,200	1.59
CREDIT SUISSE SECURITIES (USA) LLC SPCL. FOR EXCL. BEN (Standing proxy: CREDIT SUISSE SECURITIES)	ELEVEN MADISON AVENUE NEW YORK NY 10010-3629 USA (Izumi Garden Tower, 1-6-1, Roppongi, Minato-ku, Tokyo)	17,951,094	1.20
Japan Trustee Services Bank, Ltd. (Trust account 9)	1-8-11, Harumi, Chuo-ku, Tokyo	14,023,900	0.94
JP MORGAN CHASE BANK 385632 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (Shinagawa Intercity Tower A, 2-15-1, Konan, Minato-ku, Tokyo)	13,911,684	0.93
Total	—	937,538,998	62.91

- (Notes) 1. Nissan Motor Co., Ltd., which was not a major shareholder at the end of the previous fiscal year, has become a major shareholder at the end of the current fiscal year.
2. Mitsubishi Corporation and Mitsubishi Heavy Industries, Ltd., which was a major shareholder at the end of the previous fiscal year, has ceased to be a major shareholder as of the end of the current fiscal year.

(8) Voting rights

i) Issued shares

(As of March 31, 2017)

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (Treasury shares, etc.)	—	—	—
Shares with restricted voting rights (Other)	—	—	—
Shares with complete voting rights (Treasury shares, etc.)	Common stock 222,100	—	Number of shares for share unit: 100 shares
Shares with complete voting rights (Other)	Common stock (Note) 1 1,489,980,900	14,899,809	Same as above
Shares less than one unit	Common stock (Note) 2 79,496	—	Same as above
Total number of issued shares	1,490,282,496	—	—
Total number of voting rights	—	14,899,809	—

- (Notes) 1. The number of “Shares with complete voting rights (Other)” includes 6,400 shares (64 units of voting rights) in the name of Japan Securities Depository Center, Incorporated.
2. The number of “Shares less than one unit” includes 36 treasury shares held by MMC.

ii) Treasury shares, etc.

(As of March 31, 2017)

Name of shareholders	Address of shareholders	Number of shares held under own name (Shares)	Number of shares held under the name of others (Shares)	Total number of shares held (Shares)	Percentage of total number of issued shares (%)
Mitsubishi Motors Corporation	5-33-8, Shiba, Minato-ku, Tokyo	222,100	—	222,100	0.01
Total	—	222,100	—	222,100	0.01

(9) Details of stock option program

MMC has adopted a stock option program. The program is operated by means of issuing stock options in accordance with the Companies Act.

The details of the program are as below.

(The resolution of the Board of Director's meeting held on April 24, 2017)

MMC resolved that it will grant its stock options to its Members of the Board (excluding Outside Directors) as their equity-linked compensations, based on the Companies Act.

Resolution date	April 24, 2017
Category and number of participant (Person)	Five Members of the Board (excluding Outside Directors)
Type of shares that will be issued upon exercise of stock options	Common stock
Total number of shares (shares)	(Note) 1
Amount of contribution (issue price) per option (yen)	(1) Contribution upon exercising a Stock Option shall be made in cash. The amount of each contribution shall be the Exercise Price (as defined below) multiplied by the Number of Issued Shares. (2) The amount for one share that a grantee shall contribute upon exercising a Stock Option (the "Exercise Price") is JPY 1.
Exercise period	The exercise period will commence on the earliest of the following dates and end on April 30, 2070. i) May 1, 2020 ii) If a shareholders' meeting of MMC (or, where no shareholder approval is required, the Board of Directors of MMC) approves a merger agreement that provides that MMC shall cease to exist, or a share exchange agreement for a statutory share exchange (<i>kabushiki koukan</i>) agreement or a plan for a statutory share-transfer (<i>kabushiki iten</i>) that will result in MMC becoming a wholly-owned subsidiary, the date of such approval. iii) If a shareholders' meeting of MMC (or, where no shareholder approval is required, the Board of Directors of MMC) approves a transfer of all or substantially all of MMC's business, or a spin-off agreement or spin-off plan (<i>kaisha bunkatsu</i>) that results in all or substantially all of MMC's business being assumed by a successor company, the date of such approval.
Conditions to exercise of stock options	i) Any fraction of a Stock Option may not be exercised. ii) If a grantee transfers his/her Stock Options to a third party, the relevant transferee will be prohibited from exercising such Stock Options. iii) In the event of a grantee's death, the grantee's heirs or other successors-in-interest ("Successors") may exercise unexercised Stock Options in accordance with the terms specified under the relevant stock option grant agreement between MMC and the grantees; provided, however, in the event of a death of a Successor, the heirs or other successors-in-interest of a Successor may not exercise unexercised Stock Options. iv) Other conditions will be provided under the stock option grant agreement between MMC and the grantees.
Matters concerning transfer of stock options	MMC and each of the grantees will enter into a stock option grant agreement. Under such agreement, the grantees will be prohibited from transferring any Stock Options to a third party.
Matters concerning surrogate payment	—
Matters concerning treatment of the replacement stock options in a corporate reorganization by the successor	(Note) 2

- (Notes) 1. Number of shares to be issued upon exercise of one Stock Option (the "Number of Issued Shares") shall be calculated by dividing JPY 41,200 (the "Issue Price") by the fair value of a Stock Option for one share. If a grantee simultaneously exercises his/her multiple options, the Number of Issued Shares shall be calculated by (i) multiplying the Issue Price by number of the Stock Options that are exercised and (ii) dividing the multiplied number by the fair value of a Stock Option for one share.

The fair value of a Stock Option for one share shall be calculated on the grant date (July 14th, 2017) by using the following Black-Scholes formula:

$$C = Se^{-\lambda t} N(d_1) - e^{-rt} XN(d_2)$$

Where:

$$d_1 = \frac{\ln\left(\frac{S}{X}\right) + \left(r - \lambda + \frac{\sigma^2}{2}\right)t}{\sigma\sqrt{t}}, d_2 = d_1 - \sigma\sqrt{t}$$

- (i) Option price per share: (C)
- (ii) Share price (S): Closing price of the regular trading of the shares of common stock (*futsū kabushiki*) of the Company on the Tokyo Stock Exchange on July 14th, 2017 (if there is no such closing price, the base price of the immediately following trading day)
- (iii) Exercise price: (X): one (1) yen
- (iv) Expected time to maturity: (t): 28 years
- (v) Volatility (σ): Share price volatility calculated using the closing price of the regular trading of the shares of common stock (*futsū kabushiki*) of the Company on each trading day during the period of twenty-eight (28) years (from July 15, 1989 to July 14, 2017)
- (vi) Risk-free interest rate (r): Interest rate of national government bonds whose remaining years to maturity corresponds to the expected time to maturity
- (vii) Dividend yield (λ): Dividend amount per share (actual dividends for the period ending March 2017) ÷ Share price set forth in (ii) above
- (viii) Cumulative distribution function for the standard normal distribution ($N(\cdot)$)

After the issuance of the stock options, if MMC conducts a stock split (including a gratis allotment of MMC's common stock. The same applies for stock splits mentioned below), or a stock consolidation, the number of shares subject to unexercised Stock Options shall be adjusted using the formula described below, and any fractional shares arising from the adjustment shall be rounded down.

(Adjusted number of shares) = (number of shares prior to adjustment) x (ratio of the stock split/consolidation)

In addition to the above, if it becomes necessary to adjust the number of shares subject to unexercised Stock Options, MMC may adjust it within a rational range, and any fractional shares arising from the adjustment shall be rounded down.

- 2. If MMC conducts a merger (in which MMC will cease to exist), a statutory share exchange (*kabushiki koukan*) or a statutory share-transfer (*kabushiki iten*) (in which MMC will become a wholly-owned subsidiary) or a spin-off (*kaisha bunkatsu*) (in which MMC will transfer its business) (each, a "Corporate Reorganization"), replacement stock options of the other party to the Corporate Reorganization (the "Replacement Stock Options") as stipulated in Article 236, paragraphs (1), item (viii) (a) through (e) of the Companies Act (the "Successor Company") shall be granted to any grantee that holds Stock Options immediately before the effective date of the Corporate Reorganization in accordance with conditions pursuant to the issuance guidelines for subscription rights. In such event, the Stock Options held by such grantee (the "Old Stock Options") shall be terminated in exchange for the Replacement Stock Options. However, such termination will not occur unless the relevant merger agreement, share exchange agreement, share transfer plan, spin-off agreement or spin-off plan provides that the Successor Company issues the Replacement Stock Options in accordance with conditions pursuant to the issuance guidelines for subscription rights.
 - (a) Number of the Replacement Stock Options that will be granted to a holder of the Old Stock Options
The same number as the number of the Old Stock Options held by the relevant grantee
 - (b) Type of shares that will be issued upon exercise of the Replacement Stock Options
Common stock of the Successor Company
 - (c) Number of shares to be issued upon exercise of one Replacement Stock Option
Such number shall be determined in accordance with Note 1 above (Formula to calculate number of shares to be issued upon exercise of one Stock Option) taking into consideration the terms of the Corporate Reorganization.

- (d) Amount of Contribution at exercise (exercise price)
The amount payable to the Successor Company upon exercising a Replacement Stock Option shall be determined by multiplying (a) the exercise price for one share of the Successor Company by (b) the number of shares of the Successor Company to be issued or transferred upon the exercise of the Replacement Stock Options as determined in accordance with (c) above. The exercise price for one share is JPY 1.
- (e) Exercise Period
The exercise period will commence on the earlier of (a) the earliest of the following dates or (b) the effective date of the Corporate Reorganization, and will end on April 30, 2070.
(i) May 1, 2020
(ii) If a shareholders' meeting of the Company (or, where no shareholder approval is required, the Board of Directors of the Company) approves a merger agreement that provides that the Company shall cease to exist, or a share exchange agreement for a statutory share exchange (kabushiki koukan) agreement or a plan for a statutory share-transfer (kabushiki iten) that will result in the Company becoming a wholly-owned subsidiary, the date of such approval.
(iii) If a shareholders' meeting of the Company (or, where no shareholder approval is required, the Board of Directors of the Company) approves a transfer of all or substantially all of the Company's business, or a spin-off agreement or spin-off plan (kaisha bunkatsu) that results in all or substantially all of the Company's business being assumed by a successor company, the date of such approval.
- (f) Amount of Capital Stock and Capital Surplus to be increased by the issuance of shares upon exercise of the Replacement Stock Option
Such amounts shall be determined in accordance with Amount of Capital Stock and Capital Surplus Increased by Issuance of Shares upon Exercise of Stock Option below.
The amount of capital stock increased by the issuance of shares upon the exercise of a Stock Option shall be the amount obtained by multiplying the maximum limit of capital increase (as calculated in accordance with the provisions of Article 17, paragraph 1 of the Company Accounting Regulation) by 0.5, and any fraction of less the one (1) yen arising as a result of such calculation shall be rounded up to the nearest one (1) yen. The amount of capital surplus increased by the issuance of shares upon the exercise of stock acquisition rights shall be the amount obtained by deducting the capital stock to be increased from the maximum limit of capital increase.
- (g) Prohibition on Transfer of Replacement Stock Options
The Company and each of the grantees will enter into a stock option grant agreement. Under such agreement, the grantees will be prohibited from transferring any Replacement Stock Options to a third party.
- (h) Conditions to exercise of the Replacement Stock Options
Such conditions shall be substantially equivalent to those applicable to exercise of the Old Stock Options.
- (i) Treatment of the Replacement Stock Options in a Corporate Reorganization by the Successor
Such treatment will be substantially equivalent to that of the Old Stock Options as set forth in this section.

2. Acquisition of treasury shares

[Class of shares]

Acquisition of shares of common stock under Article 155, item (7) of the Companies Act

(1) Acquisition by resolution of the General Meeting of Shareholders

Not applicable.

(2) Acquisition by resolution of the Board of Directors

Not applicable.

(3) Items not based on resolution of the General Meeting of Shareholders or Board of Directors

Classification	Number of shares (Shares)	Total value (Yen)
Treasury shares acquired during the current fiscal year	160	77,436
Treasury shares acquired during the period from April 1, 2017 to the filing date	0	0

(Note) The number of shares of treasury shares acquired during the period from April 1, 2017 to the filing date does not include the number of shares acquired through purchase of shares less than one unit during the period from June 1, 2017 to the filing date of this Annual Securities Report.

(4) Status of disposal and ownership of acquired treasury shares

Classification	The current fiscal year		From April 1, 2017 to the filing date	
	Number of shares (Shares)	Total disposal value (Yen)	Number of shares (Shares)	Total disposal value (Yen)
Acquired treasury shares offered for subscription	—	—	—	—
Acquired treasury shares that were disposed	—	—	—	—
Acquired treasury shares transferred for merger, share exchange and spin off	—	—	—	—
Other (—)	—	—	—	—
Treasury shares held	222,136	—	222,136	—

(Note) The number of shares of treasury shares held during the period from April 1, 2017 to the filing date does not include the number of shares acquired through purchase of shares less than one unit during the period from June 1, 2017 to the filing date of this Annual Securities Report.

3. Dividend policy

MMC considers returning profits to its shareholders one of the most important tasks of management. In the automobile industry, there is great demand for capital in order for companies to achieve sustainable growth, such as through further promotion of technological innovations and environmental efforts; therefore, it is our basic policy to maintain the stable distribution of profits to shareholders after comprehensively considering cash flows and business performance.

Furthermore, regarding the number of dividend payments to be made each fiscal year, MMC's basic policy is to conduct two dividends – an interim dividend and a year-end dividend. The organs that decide on these dividends are the General Meeting of Shareholders for the year-end dividend and the Board of Directors for the interim dividend. MMC's Articles of Incorporation stipulate that it may conduct an interim dividend in accordance with the provisions of Article 454 paragraph 5 of the Companies Act.

MMC would like to set the end-of-term dividend at 5 yen per share based on the above policy. Including the interim dividend of 5 yen, this will make the dividend for the term 10 yen per share.

MMC's plans to use its internal reserves, research and development expenses, and other investments needed for establishing a foundation for realizing sustainable growth for the future.

(Note) Dividends of which record dates are during the current fiscal year are as follows:

Resolution date	Total dividends (Millions of yen)	Cash dividends per share (Yen)
Board of Directors Meeting held on October 28, 2016	4,917	5
Ordinary General Meeting of Shareholders held on June 23, 2017	7,450	5

4. Trends in share price

(1) Highest and lowest share prices for the most recent five years by term

Fiscal year	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Year ended	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017
Highest (Yen)	128	226 (1,418)	1,353	1,168	880
Lowest (Yen)	66	91 (997)	1,001	773	412

- (Notes) 1. The share prices were those recorded on the First Section of the Tokyo Stock Exchange.
 2. As MMC conducted a one-for-ten consolidation of its common stock on August 1, 2013, the share prices for FY2013 show the highest and lowest share prices prior to the stock split with the share prices after the share split shown in parentheses.

(2) Monthly highest and lowest share prices for the most recent six months

Month	October 2016	November 2016	December 2016	January 2017	February 2017	March 2017
Highest (Yen)	603	584	696	720	754	740
Lowest (Yen)	465	499	533	612	648	668

(Note) The share prices were those recorded on the First Section of the Tokyo Stock Exchange.

5. Status of officers

Male: 14; Female: 2 (women account for 12.5% of Directors and Audit & Supervisory Board Members)

Title	Occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
(Representative Director) Chairman of the Board		Carlos Ghosn	March 9, 1954	October 1996 Joined Renault December 1996 Executive Vice President, Renault June 1999 Director and COO, Nissan Motor Co., Ltd. June 2000 President and COO, Nissan Motor Co., Ltd. June 2001 President and CEO, Nissan Motor Co., Ltd. June 2003 Co-Chairman, President and CEO, Nissan Motor Co., Ltd. April 2005 President and CEO, Renault Chairman and President, Renault-Nissan B.V. (to the present) June 2008 Chairman, President and CEO, Nissan Motor Co., Ltd. May 2009 Chairman, President and CEO, Renault (to the present) December 2016 Chairman of the Board, MMC (to the present) April 2017 Chairman, Nissan Motor Co., Ltd. (to the present) <Important concurrent positions> Chairman, Nissan Motor Co., Ltd. Chairman, President and CEO, Renault Chairman and President, Renault-Nissan B.V.	(Note) 3	437

Title	Occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
(Representative Director) Member of the Board	CEO	Osamu Masuko	February 19, 1949	April 1972 Joined Mitsubishi Corporation April 2003 Senior Vice President, Division COO of Motor Vehicle Business Div., Mitsubishi Corporation June 2004 Managing Director, in charge of Overseas Operations Group Headquarters, MMC January 2005 President, Chief Business Ethics Officer, MMC October 2007 President, MMC June 2014 Chairman of the Board and CEO, MMC June 2016 Chairman of the Board, President and CEO, MMC December 2016 President and CEO, MMC (to the present) June 2017 Member of the Board and CEO, MMC (to the present)	(Note) 3	19,048
Member of the Board	Executive Vice President (Development, Quality) CPLO	Mitsuhiko Yamashita	April 17, 1953	April 1979 Joined Nissan Motor Co., Ltd. April 2004 Senior Vice President (Officer) in charge of Research and Development, Nissan Motor Co., Ltd. April 2005 Executive Vice President (Officer) in charge of Research and Development, Nissan Motor Co., Ltd. June 2005 Member of the Board of Directors and Executive Vice President (Officer), Nissan Motor Co., Ltd. April 2014 Member of the Board of Directors, Nissan Motor Co., Ltd. June 2015 Retired from Member of the Board of Directors, Nissan Motor Co., Ltd. July 2015 Technical Advisor to Board, Nissan Motor Co., Ltd. June 2016 Member of the Board, Executive Vice President (Development, Quality), MMC January 2017 Member of the Board, Executive Vice President (Development, Quality), CPLO, MMC (to the present)	(Note) 3	1,582

Title	Occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Member of the Board	Executive Vice President (Overseas Operations, Global After Sales) CPO	Kozo Shiraji	April 22, 1954	April 1977 Joined Mitsubishi Corporation April 2009 Senior Vice President, Division COO of Motor Vehicle Business Div., Mitsubishi Corporation April 2013 Executive Vice President, Group CEO of Machinery Group, Mitsubishi Corporation April 2016 Senior Executive Officer, Assistant to President, MMC June 2016 Member of the Board, Executive Vice President (Overseas Operations, Global After Sales), MMC January 2017 Member of the Board, Executive Vice President (Overseas Operations, Global After Sales), CPO, MMC (to the present)	(Note) 3	2,125
Member of the Board	Executive Vice President (Finance, Controlling & Accounting) CFO	Koji Ikeya	September 27, 1957	April 1981 Joined The Mitsubishi Bank, Ltd. April 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. June 2016 Member of the Board, Executive Vice President (Finance, Controlling & Accounting), CFO, MMC (to the present)	(Note) 3	1,582

Title	Occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Member of the Board		Harumi Sakamoto	April 10, 1938	April 1962 Joined Ministry of International Trade and Industry July 1984 Head of Policy Planning Office of Minister's Secretariat, Ministry of International Trade and Industry June 1986 Chief of Sapporo Trade and Industry Bureau, Ministry of International Trade and Industry August 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. September 1997 Executive Vice President, The Seibu Department Stores, Ltd. October 2000 Secretary General, Japan Association for the 2005 World Exposition October 2003 Vice Chairperson, Japan Association for the 2005 World Exposition June 2006 President, The Distribution Systems Research Institute June 2010 Chairman, Japan Facility Management Promotion Association January 2012 Chairperson, Japan Facility Management Association June 2013 Member of the Board, MMC (to the present) <Important concurrent positions> Outside Director, TechnoPro Holdings, Inc.	(Note) 3	5,253

Title	Occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Member of the Board		Shunichi Miyanaga	April 27, 1948	April 1972 Joined Mitsubishi Heavy Industries, Ltd. June 2008 Member of the Board, Executive Vice President, Mitsubishi Heavy Industries, Ltd. April 2011 Member of the Board, Senior Executive Vice President, Mitsubishi Heavy Industries, Ltd. April 2013 Member of the Board, President and CEO, Mitsubishi Heavy Industries, Ltd. (to the present) June 2014 Member of the Board, MMC (to the present) <Important concurrent positions> Member of the Board, President, Mitsubishi Heavy Industries, Ltd.	(Note) 3	4,165

Title	Occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Member of the Board		Ken Kobayashi	February 14, 1949	July 1971 Joined Mitsubishi Corporation April 2003 Senior Vice President, General Manager of Singapore Branch, Mitsubishi Corporation June 2004 Senior Vice President, Division COO of Plant Project Div., Mitsubishi Corporation April 2006 Senior Vice President, Division COO of Ship, Aerospace & Transportation Systems Div., Mitsubishi Corporation April 2007 Executive Vice President, Group CEO of Industrial Finance, Logistics & Development Group, Mitsubishi Corporation June 2007 Member of the Board, Executive Vice President, Group CEO of Industrial Finance, Logistics & Development Group, Mitsubishi Corporation June 2008 Executive Vice President, Group CEO of Industrial Finance, Logistics & Development Group, Mitsubishi Corporation April 2010 Senior Executive Vice President, Executive Assistant to President, Mitsubishi Corporation June 2010 Member of the Board, President & CEO, Mitsubishi Corporation April 2016 Chairman of the Board, Mitsubishi Corporation (to the present) June 2016 Member of the Board, MMC (to the present) <Important concurrent positions> Chairman of the Board, Mitsubishi Corporation Outside Director, NISSIN FOODS HOLDINGS CO., LTD. Outside Director (Member of the Board), Mitsubishi Heavy Industries, Ltd.	(Note) 3	437

Title	Occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Member of the Board		Takeshi Isayama	March 8, 1943	April 1967 Joined Ministry of International Trade and Industry August 1996 Director-General, International Trade Administration Bureau, Ministry of International Trade and Industry July 1997 Director-General, International Trade Policy Bureau, Ministry of International Trade and Industry June 1998 Commissioner, Japan Patent Office September 2001 Vice Chairman, Nissan Motor Co., Ltd. October 2007 Chairman, Carlyle Group Japan May 2009 Independent Director, Renault April 2013 Retired from Independent Director, Renault December 2016 Member of the Board, MMC (to the present)	(Note) 3	437
Member of the Board		Hitoshi Kawaguchi	August 23, 1953	April 1976 Joined Nissan Motor Co., Ltd. April 2005 Senior Vice President in charge of Human Resources, Diversity Development Office, Nissan Motor Co., Ltd. April 2009 Senior Vice President in charge of External and Government Affairs, Intellectual Asset Management, Nissan Motor Co., Ltd. April 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) December 2016 Member of the Board, MMC (to the present) <Important concurrent positions> Senior Vice President, CSO (Chief Sustainability Officer), Nissan Motor Co., Ltd.	(Note) 3	437

Title	Occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Member of the Board		Hiroshi Karube	April 23, 1956	April 1980 Joined Nissan Motor Co., Ltd. April 2010 Corporate Vice President, in charge of Global Controller, Budget and Accounting Dept., Global Asset Management Dept., Nissan Motor Co., Ltd. (to the present) December 2016 Member of the Board, MMC (to the present) <Important concurrent positions> Corporate Vice President, Nissan Motor Co., Ltd.	(Note) 3	437
Audit & Supervisory Board Member (Full-time)		Yoshikazu Nakamura	May 31, 1955	April 1978 Joined MMC April 2005 Executive Officer, Corporate General Manager of CSR Promotion Office, MMC April 2009 Senior Executive Officer, Corporate General Manager of CSR Promotion Office, MMC August 2009 Senior Executive Officer, Corporate General Manager of EV Business Office, MMC April 2012 Senior Executive Officer, Corporate General Manager of Domestic Sales Office, MMC April 2013 Senior Executive Officer, Head Officer of the Headquarters, Global After Sales Group Headquarters, MMC April 2014 Senior Executive Officer, Chief Environmental Strategy Officer, Corporate General Manager of CSR Promotion Office, MMC April 2015 Senior Executive Officer, Assistant to President, MMC June 2015 Audit & Supervisory Board Member, MMC (to the present)	(Note) 4	11,938

Title	Occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Audit & Supervisory Board Member		Katsunori Nagayasu	April 6, 1947	May 1970 Joined The Mitsubishi Bank, Ltd. June 1997 Director, The Bank of Tokyo-Mitsubishi, Ltd. ("BTM") June 2000 Retired from Director, BTM Managing Director, NIPPON TRUST BANK LIMITED April 2001 Director, Mitsubishi Tokyo Financial Group, Inc. ("MTFG") October 2001 Managing Director, The Mitsubishi Trust and Banking Corporation June 2002 Managing Director, BTM April 2004 Director and Managing Officer, MTFG January 2005 Senior Managing Director, BTM May 2005 Deputy President, BTM October 2005 Managing Officer, Mitsubishi UFJ Financial Group, Inc. ("MUFG") December 2005 Retired from Managing Officer, MUFG January 2006 Deputy President, The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("BTMU") June 2006 Deputy President, MUFG April 2008 President, BTMU Director, MUFG April 2010 President & CEO, MUFG April 2012 Chairman, BTMU April 2013 Director, MUFG June 2013 Retired from Director, MUFG June 2014 Audit & Supervisory Board Member, MMC (to the present) April 2016 Senior Advisor, BTMU (to the present) <Important concurrent positions> Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Audit & Supervisory Board Member, NIPPON STEEL & SUMITOMO METAL CORPORATION Outside Director, Isetan Mitsukoshi Holdings Ltd. Outside Director, Kirin Holdings Company, Limited Outside Director, Mitsubishi Electric Corporation	(Note) 5	—

Title	Occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Audit & Supervisory Board Member		Toshimitsu Iwanami	September 23, 1949	April 1972 Joined NEC Corporation June 2007 Executive Vice President and Member of the Board, NEC Corporation April 2010 Senior Executive Vice President and Member of the Board (Representative Director), NEC Corporation June 2012 Executive Advisor, NEC Corporation (to the present) June 2014 Audit & Supervisory Board Member, MMC (to the present) <Important concurrent positions> Executive Advisor, NEC Corporation	(Note) 5	4,165
Audit & Supervisory Board Member		Yaeko Takeoka	May 10, 1957	April 1985 Registered as an attorney-at-law Member of Daini Tokyo Bar Association October 2003 Chairperson of the Sub-Committee on Research, Japan Law Foundation January 2005 Member of Expert Panel on Management of Intellectual Properties under the Council for Science and Technology Policy March 2006 Member of the Council for Small and Medium Enterprise Policy (to the present) January 2007 Joined Kohwa Sohgo Law Offices (to the present) April 2008 Member of the Administrative Council of The University of Electro-Communications (to the present) March 2011 Member of the Industrial Structure Council December 2014 Member of Committee on Intellectual Property for Innovative structural materials under Cross-Ministerial Strategic Innovation Promotion Program (to the present) June 2015 Audit & Supervisory Board Member, MMC (to the present) <Important concurrent positions> Attorney at Law, Kohwa Sohgo Law Offices	(Note) 4	3,081

Title	Occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Audit & Supervisory Board Member		Yoshitsugu Oba	October 7, 1953	November 1975 Joined Tohmatsu Awoki & Co. September 1982 Registered as certified public accountant June 1990 Partner, Tohmatsu & Co. October 2007 Functional Risk Leader-Audit, Deloitte Touche Tohmatsu October 2010 National Professional Practice Director, Deloitte Touche Tohmatsu LLC June 2016 Retired from Deloitte Touche Tohmatsu LLC June 2016 Audit & Supervisory Board Member, MMC (to the present)	(Note) 6	1,582
Total						56,706

- (Notes) 1. Members of the Board, Ms. Harumi Sakamoto, Mr. Shunichi Miyanaga, Mr. Ken Kobayashi, Mr. Takeshi Isayama, Mr. Hitoshi Kawaguchi and Mr. Hiroshi Karube are Outside Directors.
2. Audit & Supervisory Board Members, Mr. Katsunori Nagayasu, Mr. Toshimitsu Iwanami, Ms. Yaeko Takeoka and Mr. Yoshitsugu Oba are Outside Audit & Supervisory Board Members.
3. One year from the conclusion of the Ordinary General Meeting of Shareholders held on June 23, 2017
4. Four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2015
5. Four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2014
6. Four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2016
7. In order to clarify the character of Members of the Board as supervisors and their authority to execute business, and to segregate the supervisory functions and business execution, MMC has introduced an executive officer system. The Executive Officers, including the abovementioned Members of the Board Mr. Osamu Masuko, Mr. Mitsuhiro Yamashita, Mr. Kozo Shiraji, and Mr. Koji Ikeya, are as follows.

Osamu Masuko	CEO	
Trevor Mann	COO	
Mitsuhiro Yamashita	Executive Vice President	(Development, Quality), CPLO
Kozo Shiraji	Executive Vice President	(Overseas Operations, Global After Sales), CPO
Koji Ikeya	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	Senior Executive Officer	(Legal)
Yoichi Yokozawa	Senior Executive Officer	Corporate General Manager, Strategic Management Div.
Masao Omichi	Senior Executive Officer	Chief External and Government Relations Officer, Chief Environmental Strategy Officer Corporate General Manager, Corporate Affairs Div.
Vincent Cobee	Senior Executive Officer	Corporate General Manager, Product Strategy Div. and Corporate General Manager, PD Office
Naoya Fujimoto	Senior Executive Officer	Corporate General Manager, Project Management Div.
Tsunehiro Kunimoto	Senior Executive Officer	Corporate General Manager, Design Div.

Yoshihiro Kuroi	Senior Executive Officer	Assistant to CPO
Guillaume Cartier	Senior Executive Officer	Corporate General Manager, Global Marketing & Sales Div.
Hiroo Kurihara	Senior Executive Officer	Corporate General Manager, Europe & Middle East/Africa Div.
Yoichiro Yatabe	Senior Executive Officer	Corporate General Manager, ASEAN Div.
Hiroshi Noda	Senior Executive Officer	Corporate General Manager, Controlling & Accounting Div.
Koichi Kitamura	Senior Executive Officer	(Business Administration)
Tetsuya Hashimoto	Executive Officer	Corporate General Manager, Human Resources Div.
Kazuaki Iwamoto	Executive Officer	(Global Risk Control) Chief Business Ethics Officer
Masao Kuruma	Executive Officer	CIO, Corporate General Manager, Global IT Office
Koji Yokomaku	Executive Officer	Corporate General Manager, Development Management Div.
Isao Torii	Executive Officer	Corporate General Manager, Vehicle Engineering Development Div.
Tetsuya Tamechika	Executive Officer	Corporate General Manager, EV-Powertrain Engineering Development Div.
Takahide Tsujitani	Executive Officer	(Alliance Procurement)

6. Information about corporate governance, etc.

(1) Information about corporate governance

i) System of corporate governance

A. Overview of corporate governance system and reason for adoption of the system

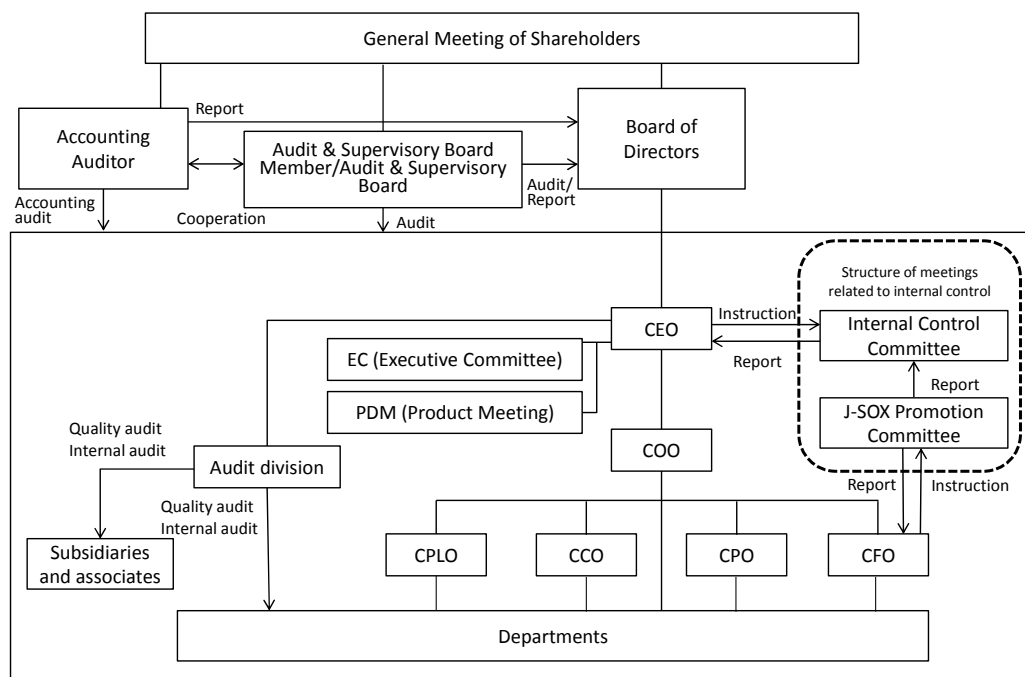
MMC has improved and enhanced its corporate governance. In addition to statutory functions, MMC has introduced the Executive Committee and various other management bodies as well as the executive officer system in order to enhance the flexibility of business execution and clarify management responsibility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

MMC's functions and internal control relationships are presented in the figure below.



On top of past quality issues, MMC recognizes the improper conduct in fuel consumption testing of vehicles made by MMC, it was found in April 2016, 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, MMC assigned four operating officers (CPLO, CCO, CPO, and CFO) under the COO, one for each function, and restructured MMC's formerly pyramid-shaped organization with a focus on function. This has flattened MMC's organization and simplified its hierarchy. In addition, with the purpose of making decision-making more efficient and clarifying responsibilities, MMC 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. MMC 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, MMC 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 CFO. Internal controls pursuant to the Companies Act will be promoted through the newly created Internal Control Committee chaired by the CEO.

A Structural Reform Promotion Office established on July 1, 2016 has enabled MMC 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. As a part of these initiatives, MMC is implementing major structural reforms as part of Performance Revolution (PRev) activities. PRev activities are focused mainly in the product development division 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 division.

The "Basic Policy on the Establishment of Internal Control Systems" is scheduled to be revised in FY 2017.

B. Status of systems to ensure appropriate business operations of subsidiaries

MMC stipulates the supervisory organization of each of its subsidiaries, and the responsibilities and authority, management method and other matters related to management of its subsidiaries through its internal regulations and other rules. MMC establishes internal regulations and rules so that prior or subsequent explanations and reports are made to MMC concerning its subsidiaries' business, results, financial condition and other important information in accordance with their size, business conditions, and other factors. MMC also provides guidance and management in accordance with regulations and rules through the supervisory organizations. Moreover, the operational audit division conduct systematic operation audits of each subsidiary, auditing the status of appropriate business execution and compliance with MMC's code of conduct, and providing countermeasures as needed.

C. Information about development of internal control system

To ensure appropriate business activities across the entire Group including the subsidiaries, MMC has resolved the following matters regarding the Basic Policy on the Establishment of Internal Control Systems at the Board of Directors.

- (a) System to ensure that the Members of the Board's and employees' performance of their duties complied with applicable laws and regulations and the Articles of Incorporation of MMC
 - To comply with standards of business ethics, MMC shall establish a code of conduct, build an organizational structure, and carry out education and training. MMC shall also establish a contact point for reporting internal problems to gather up information concerning business ethics, and shall use the information gathered to prevent and rectify problems and stop them from occurring again.

- To monitor company management, MMC shall appoint Outside Directors.
 - The internal audit division shall conduct strict audits to check whether MMC's business execution is in violation of laws and regulations, the Articles of Incorporation, internal regulations or others. If a problem is discovered, the internal audit division shall report them to the relevant Members of the Board or others, and periodically check the status of improvement measures following occurrence.
 - MMC shall establish the Business Ethics Committee as a Board of Directors advisory committee composed of outside experts and strive to achieve further compliance with business ethics by obtaining direction and advice regarding MMC's business activities from an external perspective.
- (b) Regulations and other systems to manage risk of loss
- To manage business risk, MMC shall clearly prescribe respective standards for making proposals and reports to the Board of Directors and the Management Directors' Meetings in each of the rules of the Board of Directors and rules of the Management Directors' Meetings, and operate in accordance with these rules.
 - MMC shall appoint an employee in charge of risk management at each organization (e.g. division), and shall make efforts to establish and strengthen the risk management structure with the said employee at the core of these efforts.
 - MMC shall establish a body in charge of promoting risk management and work to develop and strengthen its overall risk management structure.
 - To prepare for the occurrence of unforeseen circumstances, MMC shall develop a system to enable prompt reporting to MMC's Members of the Board and others, and prompt, accurate responses.
- (c) System to ensure that the Members of the Board's performance of their duties is executed efficiently
- MMC shall prescribe a management plan throughout MMC and clarify detailed business targets and methods of execution at each functional company body in order to achieve the plan. Members of the Board shall periodically receive reports on the plan's implementation, and shall work to maintain and improve management efficiency.
 - MMC shall clarify the roles and authorizations of Members of the Board, and the Board of Directors and the Management Directors' Meetings shall execute business efficiently based on the rules of the Board of Directors and rules of the Management Directors' Meetings.
 - MMC shall unify the reporting lines in the organization, thus expediting decision making and improving internal communication. In addition, MMC shall develop a system for efficient organizational operation and business execution, thus securing efficient execution of duties by MMC's Members of the Board.
- (d) System to store and manage information related to the Members of the Board's performance of their duties
- Based on internal rules, MMC shall prepare information pertaining to execution of duties by Members of the Board as physical documents or electronic data and appoint a person responsible for the management of this information. Preparation methods, retention methods, retention periods, duplication methods, disposal methods and other matters shall be determined in accordance with the relative importance of information, and the information shall be appropriately managed.

- (e) System to ensure appropriate business activities of the corporate group which comprises MMC, the parent company and the subsidiaries
- MMC shall determine the bodies with control over MMC's subsidiaries, responsibilities and authorizations for the management of MMC's subsidiaries, management methods and other matters in the internal rules, thus securing proper operation of duties across the corporate group.
 - MMC shall supervise and manage its subsidiaries, aiming for appropriate business execution by their officers and employees in line with laws and regulations and the Articles of Incorporation, compliance with its code of conduct, and establishment and improvement of operational audit systems in a manner that is suitable for their sizes, business types, etc.
 - MMC shall establish and strengthen its subsidiaries' risk management systems, depending on their sizes, business types, etc., through giving directions regarding implementation of risk management.
 - MMC shall strengthen, develop and streamline its subsidiaries' business operations, depending on their sizes, business types, etc., through supervising and managing them in accordance with Rules for Management of Subsidiaries and Associates and other internal rules.
 - MMC shall improve Rules for Management of Subsidiaries and Associates and other internal rules so that it can receive explanations and reports from its subsidiaries regarding important information (e.g. business operations, performance, and financial conditions) in advance or in an ex-post facto manner.
 - MMC and its subsidiaries shall ensure the appropriateness of their respective financial information and develop the bodies and internal rules necessary for the preparation and disclosure of reliable financial reporting.
- (f) Matters related to employees requested by Audit & Supervisory Board Members to support audit activities
- A body to assist the Audit & Supervisory Board Members with their duties shall be established and dedicated staff shall be allocated to this body.
- (g) Matters related to the independence of employees in (f) above from the Members of the Board and ensuring the effectiveness of directions given to those employees
- The employee assigned to assist the Audit & Supervisory Board Members with their duties shall only carry out duties under the directions of those Audit & Supervisory Board Members without concurrently performing duties for other departments.
 - When personnel changes are made to staff assigned to assist the Audit & Supervisory Board Members with their duties, opinions shall be sought from those Members in advance. In addition, evaluations of those dedicated staffs shall be carried out by the Audit & Supervisory Board Members.
- (h) System to allow the Members of the Board and employees, and the Members of the Board, Audit & Supervisory Board Members and employees of MMC's subsidiaries or persons received reports from them to report information to Audit & Supervisory Board Members, and other systems related to reporting to Audit & Supervisory Board Members
- The Audit & Supervisory Board Members shall attend meetings of the Board of Directors and other important meetings of MMC.

- MMC shall develop a framework to steadily provide important internal information regarding management, compliance and other matters of MMC and its subsidiaries to the Audit & Supervisory Board Members and ensure that it is thoroughly operated.
 - Officers and employees of MMC and its subsidiaries shall report matters regarding business execution promptly and appropriately when requested to do so by MMC's Audit & Supervisory Board Members.
- (i) System to ensure that those who report the matters described in (h) do not face unfavorable treatment on the grounds that such reports are made
- It is prohibited to unfavorably treat officers and employees of MMC and its subsidiaries who report such matters directly or indirectly to the Audit & Supervisory Board Members on the grounds that such reports are made. This prohibition shall be notified to all officers and employees of MMC and its subsidiaries.
- (j) Matters related to procedures for the prepayment or reimbursement of expenses incurred for Audit & Supervisory Board Members executing duties, and settlement policy for expenses or debt incurred for other related duties
- In case the Audit & Supervisory Board Members make requests to MMC for the prepayment of job-related expenses, etc. in accordance with Article 388 of the Companies Act, these expenses or debts shall be paid promptly or settled after being examined by relevant departments unless it can be verified that these expenses or debts are not necessary for the Audit & Supervisory Board Members to execute their duties.
- (k) Other systems to ensure that Audit & Supervisory Board Members' activities are conducted effectively
- The Audit & Supervisory Board Members shall periodically conduct exchanges of opinions with the President, and work in cooperation with the internal audit division and the Accounting Auditors, thus facilitating proper communication and effective auditing operations.
- (l) System toward elimination of criminal or unethical organizations
- MMC and its subsidiaries shall, in a unified manner across all companies, respond to unreasonable demands from antisocial forces that pose a threat to the order and safety of society with a resolute stance, and shall ensure that they have absolutely no relations with antisocial forces.

The operating status of systems to ensure appropriate business activities is outlined as follows. Under the new management system, the Internal Control Committee, with the CEO being the chairperson and the newly established role of Director in charge of Global Risk Control being the vice-chairperson, has been monitoring the operating status and working to improve and strengthen internal control systems and, further, has been considering revisions to the "Basic Policy on the Establishment of Internal Control Systems."

- (a) System to ensure that the Members of the Board's and employees' performance of their duties complied with applicable laws and regulations and the Articles of Incorporation of MMC
- At the initiative of the Director in charge of Global Risk Control, MMC has established and put into practice a system to instill efforts to comply with laws and regulations, internal regulations, social norms, and other rules and regulations through Compliance Officers appointed in each Division, and is working on measures to prevent the recurrence of the issues under this system. Furthermore, led by the Compliance Dept. and human resources division, MMC is implementing compliance education and corporate-wide e-learning. Moreover, the Employee

Counseling Office and an external help line have been established and operated in order to properly handle whistle-blowing and consultations by employees, etc., and to use the information thereof to prevent and rectify problems and stop them from occurring again.

- The Board of Directors is comprised of 11 members, including six Outside Directors. Outside Directors monitor and supervise management decision making by the Board of Directors and the performance of duties by each Member of the Board more objectively based on their respective considerable experience, deep knowledge, and insights.
- With the aim of establishing the independence and expanding the scope of audits including global handling, supporting the resolution of significant management matters, as well as expediting investigations necessary for management purposes, the Audit Div., directly reporting to the CEO, performs audits and shares information with Audit & Supervisory Board Members and audit corporations on a monthly basis.
- The Business Ethics Committee was disbanded in June 2016 because it had accomplished its original purpose and MMC came to the conclusion that it is necessary to reconstruct its governance structure.

(b) Regulations and other systems to manage risk of loss

- MMC has established a department for promoting its overall (including subsidiaries and associates) risk management pursuant to internal rules, and newly appointed an employee in charge of managing risk identified as a result of risk surveys and interviews with related officers in order to implement activities to reduce risk and report to the Board of Directors and others. In addition, MMC has appointed an employee in charge of risk management at each organization (e.g. Division), and has been working on activities covering all phases from identifying to reducing risk related to the business in charge.
- To prepare for the occurrence of unforeseen circumstances, MMC has established a task force organization and response guidelines for an emergency pursuant to internal rules, and developed and operated a system to enable prompt reporting to the Members of the Board and others, and prompt, accurate responses.

(c) System to ensure that the Members of the Board's performance of their duties is executed efficiently

- To maintain and improve management efficiency, MMC adopts resolutions for a medium to long term management plan and an annual business plan at a meeting of the Board of Directors and other meetings in accordance with internal rules, and periodically provides follow-up on the status of implementation of these plans. In addition, to improve the efficiency of decision-making and clarify responsibilities, MMC has set out detailed provisions concerning the delegation of authority at each level. Moreover, to ensure the efficient business execution, MMC has flattened its organization and streamlined its management levels under operating officers assigned to each function.

(d) System to store and manage information related to the Members of Board's performance of their duties

- MMC is promoting appropriate management of the storage and retention of information, such as documents pertaining to the Board of Directors, by appointing a person responsible for the management of documents pursuant to internal regulations, in order to promote the appropriate management of the storage and retention of information, such as documents pertaining to the Board of Directors.

- (e) System to ensure appropriate business activities of the corporate group which comprises MMC, the parent company and the subsidiaries
- Based on internal regulations, MMC has established a division in charge of primary management for the respective subsidiaries and associates and a division in charge of secondary management engaging in company-wide management, as well as a system in which individual administrative functions, such as production, development, procurement, finance, and IT, support primary and secondary management divisions, depending on their respective roles, in order to strengthen, develop, and streamline the business operations of subsidiaries and associates through various supervisory and management activities.
 - MMC's division in charge of primary management has developed business operation guidelines to ensure the timely and appropriate reporting of important information pertaining to subsidiaries to MMC, and has been promoting operations in compliance with the said guidelines.
 - To ensure the appropriateness of financial reporting, MMC has established and has been operating a dedicated organization, pursuant to internal regulations, that provides follow-up on and coordinates, among others, the development of systems, scope of assessment, status of assessment of target companies, and status of improvements at MMC and subsidiaries and associates.
- (f) Matters related to employees requested by Audit & Supervisory Board Members to support audit activities
- MMC has established a body to assist Audit & Supervisory Board Members with their duties pursuant to internal regulations, and has allocated to this body dedicated staff that does not concurrently perform duties for other departments.
- (g) Matters related to the independence of employees in (f) above from the Members of the Board and ensuring the effectiveness of directions given to those employees
- Dedicated staff assigned to assist MMC's Audit & Supervisory Board Members with their duties only carries out duties under the directions of those Audit & Supervisory Board Members. In addition, personnel changes are made to dedicated staff with the consent of Audit & Supervisory Board Members, and evaluations of those dedicated staff are carried out by the Audit & Supervisory Board Members.
- (h) System to allow the Members of the Board and employees, and the Members of the Board, Audit & Supervisory Board Members, and employees of MMC's subsidiaries or persons received reports from them to report information to Audit & Supervisory Board Members, and other systems related to reporting to Audit & Supervisory Board Members
- MMC's Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings of MMC pursuant to internal regulations.
 - MMC has developed and has been operating a system to steadily provide important information regarding MMC and its subsidiaries to the Audit & Supervisory Board Members pursuant to internal regulations. In addition, MMC submits documents or records specified by laws and regulations to the Audit & Supervisory Board Members, and promptly responds to any request (if any) for documents or records which the Audit & Supervisory Board Members deem necessary.
- (i) System to ensure that those who report the matters described in (h) do not face unfavorable treatment on the grounds that such reports are made
- MMC prohibits to unfavorably treat officers and employees of MMC and its subsidiaries who report such matters directly or indirectly to MMC's Audit & Supervisory Board Members on the grounds that such reports are made. MMC has

set out provisions concerning such prohibition in its internal regulations. MMC posted these provisions on its intranet to keep all officers and employees of MMC and its subsidiaries informed of this prohibition.

- (j) Matters related to procedures for the prepayment or reimbursement of expenses incurred for Audit & Supervisory Board Members in executing duties, and settlement policy for expenses or debt incurred for other related duties
 - MMC secures a certain budget for each fiscal year based on a request from the Audit & Supervisory Board Members, in order to respond to expenses incurred by MMC's Audit & Supervisory Board Members in executing duties. In addition, upon receiving a request for additional expenses required thereafter, MMC shall promptly pay and settle those expenses or debts.
- (k) Other systems to ensure that Audit & Supervisory Board Members' activities are conducted effectively
 - MMC's Audit & Supervisory Board Members periodically conduct exchanges of opinions with the President and the COO based on the annual audit plan for the purpose of facilitating proper communication and effective auditing operations, and work in cooperation with the internal audit division and other divisions, as well as the Accounting Auditors, to hold regular meetings and engage in other activities. Furthermore, in addition to the activities of the Audit & Supervisory Board, MMC's Audit & Supervisory Board Members periodically engage in their special audit activities.
- (l) System for eliminating criminal or unethical organizations
 - MMC and its subsidiaries have developed a manual for dealing with criminal or unethical organizations, and keep all personnel informed of such manual.

D. Information about development of risk management framework

MMC has put in place a group-wide risk management system, which it is improving. In particular, MMC has designated as "priority risks" those risks faced by MMC that have the potential to exert a material impact on its operations. In conjunction, MMC has established risk owners who are responsible for reducing these risks, and is promoting initiatives to reduce the risks. MMC has appointed risk management officers to each division. These officers work to strengthen our framework and improve thoroughness by conducting repeated cycles of risk identification and evaluation, devising and implementing countermeasures, and monitoring. MMC regularly confirms the situation at subsidiaries and associates. Where necessary, MMC conducts hearings on the status of individual countermeasures and reinforces initiatives in other ways.

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 and employees and their families, and to assist local communities. MMC prepares disaster countermeasures and business continuity plans (BCPs) to this end.

As disaster countermeasures, MMC conducts 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 and to stay at the headquarters for a three-day period, MMC conducts initiatives for communicating with local municipal authorities in order to ensure means through which they can communicate with their families and emergency supplies.

As BCPs, MMC has formulated plans of operation that assume a large-scale earthquake or major outbreak of infectious disease. MMC works to improve these BCPs through regular drills and communication among individual regions.

ii) 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 Members of the Board and other corporate officers. They also review key internal documents and internal 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.

iii) Outside Directors and Outside Audit & Supervisory Board Members

As of the filing date, MMC has six Outside Directors and four Outside Audit & Supervisory Board Members, and MMC has no special interest relationship with any of the Outside Directors and Outside Audit & Supervisory Board Members. Moreover, MMC does not have a criteria or policy regarding independence in the appointment of its Outside Directors and Outside Audit & Supervisory Board Members. However, in order to achieve more objective supervision and stronger oversight function with regard to management decision making and business execution by the Board of Directors, and to enhance the transparency of management in accordance with compliance, MMC appoints Outside Directors. Furthermore, to ensure objective audits and expression of opinions regarding the legality of the MMC Group's business execution and the appropriateness of the accounting audits conducted by the Accounting Auditors, MMC appoints Outside Audit & Supervisory Board Members.

Outside Director Harumi Sakamoto has considerable experience and deep insight as an administrative officer and a corporate manager. As such, MMC has appointed her to fulfill the role of an Outside Director described above so that her experience and insight may be reflected in MMC's management. Moreover, MMC recognizes that there is no risk of a conflict of interest arising between Ms. Sakamoto and MMC's general shareholders, and considers her to be sufficiently independent. Therefore, she has been appointed as an "Independent Director/Audit & Supervisory Board Member" as stipulated under Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc. (hereinafter "Independent Director/Audit & Supervisory Board Member").

Outside Director Shunichi Miyanaga serves concurrently as President and CEO of Mitsubishi Heavy Industries, Ltd., which conducts transactions with MMC related to automobile parts purchasing and so forth. He serves as a business executive of Mitsubishi Heavy Industries, Ltd., and in light of the current relationship between MMC and Mitsubishi Heavy Industries, Ltd. (a shareholder and business partner of MMC), he has not been appointed as an Independent Director. However, he has considerable experience, achievements and deep insight nurtured through his long-standing career in corporate management at a

manufacturing company that operates worldwide, and as such, MMC has appointed him to fulfill the role of an Outside Director described above so that his experience and insight may be reflected in MMC's management.

Outside Director Ken Kobayashi serves concurrently as Chairman of the Board of Mitsubishi Corporation, which conducts transactions with MMC related to overseas sales of automobiles and so forth. Moreover, Mr. Kobayashi serves concurrently as Outside Director of Mitsubishi Heavy Industries, Ltd., which conducts transactions with MMC related to automobile parts purchasing and so forth. Mr. Kobayashi has served in the past as a business executive of Mitsubishi Corporation, and in light of the current relationship between MMC and Mitsubishi Corporation (a major business partner of MMC), he has not been appointed as an Independent Director. However, he has considerable experience, achievements and deep insight on global business management nurtured through his career as a corporate manager at a general trading company that operates worldwide, and as such, MMC has appointed him to fulfill the role of an Outside Director described above so that his experience and insight may be reflected in MMC's management.

Outside Director Takeshi Isayama has considerable insight and experience concerning the automotive business. As such, MMC has appointed him to fulfill the role of an Outside Director described above so that his experience and insight may be reflected in MMC's management. In the past, he served as Vice Chairman of Nissan Motor Co., Ltd., which conducts transactions with MMC related to OEM supply of automobiles and so forth. However, since more than 10 years has elapsed since his retirement from Nissan Motor Co., Ltd., it has no impact on this independence. MMC therefore recognizes that there is no risk of a conflict of interest arising between Mr. Isayama and MMC's general shareholders, and considers him to be sufficiently independent. Therefore, he has been appointed as an Independent Director.

Outside Director Hitoshi Kawaguchi serves concurrently as Senior Vice President and CSO of Nissan Motor Co., Ltd., which is a major shareholder of MMC and conducts transactions with MMC related to OEM supply of automobiles and so forth. He serves as a business executive of Nissan Motor Co., Ltd. and in light of the current relationship between MMC and Nissan Motor Co., Ltd. (a major shareholder of MMC), he has not been appointed as an independent director. However, Mr. Kawaguchi has considerable insight and experience concerning the automotive business, and as such MMC has appointed him to fulfill the role of an Outside Director described above so that his experience and insight may be reflected in MMC's management.

Outside Director Hiroshi Karube serves concurrently as Corporate Vice President of Nissan Motor Co., Ltd., which is a major shareholder of MMC and conducts transactions with MMC related to OEM supply of automobiles and so forth. He serves as a business executive of Nissan Motor Co., Ltd. and in light of the current relationship between MMC and Nissan Motor Co., Ltd. (a major shareholder of MMC), he has not been appointed as an independent director. However, Mr. Karube has considerable insight and experience concerning the automotive business, and as such MMC has appointed him to fulfill the role of an Outside Director described above so that his experience and insight may be reflected in MMC's management.

Outside Audit & Supervisory Board Member Katsunori Nagayasu serves concurrently as Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd., which is a major transaction partner of MMC conducting banking transactions and so forth. Moreover, Mr. Nagayasu serves concurrently as Audit & Supervisory Board Member of NIPPON STEEL & SUMITOMO METAL CORPORATION, which conducts transactions with MMC related to purchases of steel sheet for automobiles and so forth. Mr. Nagayasu has served as a business executive of Tokyo-Mitsubishi UFJ, Ltd. in the past, in light of the current relationship between MMC and Tokyo-Mitsubishi UFJ, Ltd. (a major transaction partner of MMC), he has not been appointed as an Independent Audit & Supervisory Board Member. However, Mr. Nagayasu has considerable experience and deep insight as a corporate manager, and as such MMC has appointed him to fulfill the role of an Outside Audit & Supervisory Board Member described above so that his experience and insight may be reflected in MMC's audits.

Outside Audit & Supervisory Board Member Toshimitsu Iwanami has considerable experience and deep insight as a corporate manager, and as such MMC has appointed him to fulfill the role of an Outside Audit & Supervisory Board Member described above so that his experience and insight may be reflected in MMC's audits. Mr. Iwanami serves concurrently as an Executive Advisor of NEC Corporation, which conducts transactions with MMC related to outsourcing of system development and so forth. However, since the transactions amount to less than 1% of MMC's net sales, they do not affect Mr. Iwanami's independence, and MMC recognizes that there is no risk of a conflict of interest arising between Mr. Iwanami and MMC's general shareholders, and considers him to be sufficiently independent. MMC has therefore appointed him as an Independent Audit & Supervisory Board Member.

Outside Director Yaeko Takeoka has worked for many years as an attorney-at-law, and has abundant specialist knowledge and insight as an expert in the law. As such, MMC has appointed her to fulfill the role of an Outside Audit & Supervisory Board Member described above so that her experience and insight may be reflected in MMC's audits. Moreover, MMC recognizes that there is no risk of a conflict of interest arising between Ms. Takeoka and MMC's general shareholders, and considers her to be sufficiently independent. MMC has therefore appointed her as an Independent Audit & Supervisory Board Member.

Outside Director Yoshitsugu Oba has worked for many years as an accountant and has abundant specialist knowledge and insight as an expert in accounting audits. As such, MMC has appointed him to fulfill the role of an Outside Audit & Supervisory Board Member described above so that he can provide appropriate recommendations from the viewpoint of adequacy and appropriateness with MMC. Moreover, MMC recognizes that there is no risk of a conflict of interest arising between Mr. Oba and MMC's general shareholders, and considers him to be sufficiently independent. MMC has therefore appointed him as an Independent Audit & Supervisory Board Member.

MMC has concluded agreements with each Outside Director and Outside Audit & Supervisory Board Member limiting their liability under Article 423 paragraph 1 of the Companies Act to the higher amount of 7 million yen or the minimum liability amount stipulated in Article 425 paragraph 1 of the Companies Act.

The Outside Directors receive reports at the Board of Directors meetings regarding the progress of internal controls, including compliance, as well as the results of Audit & Supervisory Board Member's audits and accounting audits. The Outside Audit & Supervisory Board Members receive reports at the Board of Directors meetings regarding the progress of internal controls, including compliance, as well as results of accounting audits, and at the Audit & Supervisory Board meetings, they receive reports on audit results from the Accounting Auditors for each quarterly financial report, as well as receiving reports on individual matters regarding compliance and so forth, and they offer appropriate opinions.

iv) Amount of compensation

A. Total compensation paid to Members of the Board and Audit & Supervisory Board Members, compensation total by type, and number of payees

Classification	Total compensation (Millions of yen)	Total compensation by type (Millions of yen)			Number of payees
		Base compensation	Stock options	Bonus	
Member of the Board (Excluding Outside Director)	367	367	–	–	13
Audit & Supervisory Board Member (Excluding Outside Audit & Supervisory Board Member)	36	36	–	–	2
Outside Director and Outside Audit & Supervisory Board Member	122	122	–	–	12

(Note) The above number of payees includes six Members of the Board, an Audit & Supervisory Board Member and an Outside Director, who retired from their positions as of June 24, 2016 (on the date of the 47th Ordinary General Meeting of Shareholders), and two Members of the Board and an Outside Director, who retired from their position as of December 14, 2016 (on the date of the Extraordinary Shareholders Meeting).

B. The contents and method for determining the policy for setting the amount of compensation of Members of the Board and Audit & Supervisory Board Members and the calculation method

(a) Member of the Board

- The amount of Members of the Board' compensation is determined under a compensation policy set by the Board of Directors meeting. They receive base compensation according to positions, to and from which a performance-based amount is either added or deducted, and the final amount to be paid is determined to further take into consideration the individual performance based on the individual contribution.
- The amount of performance-based addition/deduction is determined each year by the Board of Directors meeting, taking comprehensively into consideration the factors such as consolidated earnings and MMC's financial status.
- The amount reflecting individual performance is determined based on the individual positions of directors and their contributions in light of the responsibilities inherent in their positions.
- The amount of compensation paid to Outside Directors is determined by the agreement made at the time of appointment and there is no additional payment reflecting performance-based element nor individual performance.

The maximum amount of compensation for Members of the Board was set at 2 billion yen per year, by resolution at the Extraordinary Shareholders Meeting held on December 14, 2016. In addition to the above-mentioned compensation, the maximum amount of equity-linked compensation to be provided to Members of the Board excluding Outside Directors was set at 1 billion yen per year. The total annual payment made in FY 2016 is as shown in the table in A. above.

(b) Audit & Supervisory Board Member

Individual compensation of Audit & Supervisory Board Members are determined through discussions by Audit & Supervisory Board Members.

The monthly compensation of Audit & Supervisory Board Members was set at an upper limit of 10 million yen per month by resolution of the 45th Ordinary General Meeting of Shareholders held on June 25, 2014 and the total annual payment made in FY 2016 is as shown in the table in A. above.

v) Status of shareholdings

A. Of investment shares held for purposes other than portfolio investment shares, number of issues and total amount recorded on balance sheet

31 issues 24,934 million yen

B. Issue, number of shares, balance sheet amount, and holding purpose of investment shares held for purposes other than portfolio investment shares

Previous fiscal year

Specified investment shares

Issues	Number of shares (Shares)	Balance sheet amount (Millions of yen)	Holding purpose
China Motor Corporation	193,768,273	15,642	The company is an important business partner that manufactures and sells MMC's products, and the shares are held to maintain and strengthen a smooth business relationship.
United Motors Lanka PLC	4,937,142	309	The company is an important business partner that sells MMC's products, and the shares are held to maintain and strengthen a smooth business relationship.
Ryoyu Systems Co., Ltd.	250,700	219	The company is a business partner that develops software and sells IT equipment, and the shares are held to maintain and strengthen a smooth business relationship.

Current fiscal year

Specified investment shares

Issues	Number of shares (Shares)	Balance sheet amount (Millions of yen)	Holding purpose
China Motor Corporation	193,768,273	19,892	The company is an important business partner that manufactures and sells MMC's products, and the shares are held to maintain and strengthen a smooth business relationship.
United Motors Lanka PLC	4,937,142	283	The company is an important business partner that sells MMC's products, and the shares are held to maintain and strengthen a smooth business relationship.

vi) Information about accounting audit

MMC has concluded an audit contract with Ernst & Young ShinNihon LLC, under which it receives accounting audits. The names of the CPAs who carried out the audit work and the organization of assistants relating to the audit work are presented below.

Names of the CPAs

Designated and Engagement Partner, Mitsuo Sakamoto (Note), Yoji Murohashi (Note), Tomohiro Mizuno (Note), Chihiro Yasunaga (Note)

The organization of assistants relating to the audit work

CPAs 17, Others 37

(Note) The number of consecutive years of conducting audits is omitted as it is seven years or less.

xii) Conditions for resolution on the election of Members of the Board

MMC's Articles of Incorporation stipulate that Members of the Board are to be elected by a majority vote of the General Meeting of Shareholders where shareholders holding at least one third of the voting rights of shareholders eligible to exercise their voting rights are in attendance, and that a resolution to elect a Member of the Board is not be made by cumulative voting.

xiii) Matters for resolution by the General Meeting of Shareholders that may be resolved by the Board of Directors and reason therefor

A. Acquisition of shares

MMC's Articles of Incorporation stipulate that it may acquire treasury shares through market transactions and so forth by a resolution of the Board of Directors in accordance with the provisions of Article 165 paragraph 2 of the Companies Act so as to enable flexible acquisition of treasury shares in response to its management situation, financial situation, and other situations.

B. Exemption from liability of Members of the Board and Audit & Supervisory Board Members

To enable Members of the Board and Audit & Supervisory Board Members to perform their roles as expected, MMC's Articles of Incorporation stipulate that MMC may exempt Members of the Board (including former Members of the Board) and Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from their compensation liability in cases where the criteria stipulated by laws and regulations pursuant to Article 423 paragraph 1 of the Companies Act apply by a resolution of the Board of Directors, by limiting the liability to the amount obtained by deducting the minimum liability limit amount stipulated by laws and regulations from the compensation liability amount. Furthermore, MMC's Articles of Incorporation state that MMC may conclude agreements with its Members of the Board (excluding Members of the Board who execute business and so forth) and Audit & Supervisory Board Members to limit their compensation liability in cases where the criteria stipulated by laws and regulations regarding compensation liability pursuant to Article 423 paragraph 1 of the Companies Act apply (however, the limit of compensation liability based on the agreements shall be the higher amount of a predetermined amount of 5 million yen or more and the minimum liability limited amount stipulated by laws and regulations).

C. Interim dividend

In order to return profits flexibly to shareholders, MMC's Articles of Incorporation stipulate that MMC may pay an interim dividend as provided by Article 454 paragraph 5 of the Companies Act by a resolution of the Board of Directors to the final shareholder or registered pledgee of shares listed or recorded on the shareholders register as of September 30 each year.

ix) Changes in criteria for special resolutions of the General Meeting of Shareholders and reason therefor

To ensure that special resolutions of the General Meeting of Shareholders are carried out in a timely and smooth manner, the Articles of Incorporation stipulate that special resolutions of the General Meeting of Shareholders as provided by Article 309 paragraph 2 of the Companies Act are to be carried out by a majority of at least two thirds, where shareholders holding at least one third of the voting rights of shareholders eligible to exercise voting rights are in attendance.

(2) Details of compensation for the audit

i) Compensation for certified public accountants who conduct auditing, etc.

Classification	FY 2015		FY 2016	
	Compensation for audit attestation (Millions of yen)	Compensation for non-audit work (Millions of yen)	Compensation for audit attestation (Millions of yen)	Compensation for non-audit work (Millions of yen)
MMC	199	2	232	1
Consolidated subsidiary	113	30	113	28
Total	313	33	345	30

ii) Details of other material compensation

(FY 2015)

MMC's consolidated subsidiaries Mitsubishi Motors North America, Inc. has paid US\$ 941,000 in compensation for audit attestation to Ernst & Young Global Limited which belongs to the same network as the MMC's auditing certified public accountants who conduct auditing, etc.

(FY 2016)

MMC's consolidated subsidiaries Mitsubishi Motors North America, Inc. has paid US\$ 744,000 in compensation for audit attestation to Ernst & Young Global Limited which belongs to the same network as the MMC's auditing certified public accountants who conduct auditing, etc.

iii) Details of non-audit work provided to MMC by certified public accountants who conduct auditing, etc.

(FY 2015)

The details of non-audit work for which MMC paid compensation to certified public accountants, etc. consist of fact-verification duties concerning the Productivity Improvement Facility Investment Plan.

(FY 2016)

The details of non-audit work for which MMC paid compensation to certified public accountants, etc. consist of fact-verification duties concerning the English translation of Financial Statements and other materials.

iv) Policy on determination of compensation for audits

The Articles of Incorporation stipulate that the compensation paid to the Accounting Auditors is to be determined by the Representative Director with the consent of the Audit & Supervisory Board.

V. Financial Information

1. Basis of preparation of the consolidated financial statements and non-consolidated financial statements

(1) The consolidated financial statements of MMC are prepared in accordance with the “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 28 of 1976).

(2) The non-consolidated financial statements of MMC are prepared in accordance with the “Ordinance on Terminology, Forms, and Preparation Methods of Non-consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 59 of 1963) (hereinafter the “Ordinance on Financial Statements, etc.”).

As MMC falls under the category of a company filing financial statements prepared in accordance with special provisions, the non-consolidated financial statements of MMC are prepared in accordance with Article 127 of the Ordinance on Financial Statements, etc.

2. Independent audit

The consolidated and the non-consolidated financial statements for the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017) were audited by Ernst & Young ShinNihon LLC, in accordance with Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act.

3. Particular efforts to secure the appropriateness of the consolidated financial statements, etc.

MMC is making particular efforts to ensure the appropriateness of the consolidated financial statements. Specifically, MMC has become a member of the Financial Accounting Standards Foundation (hereinafter the “Foundation”) and participates in seminars and other programs sponsored by the Foundation in order to have an appropriate understanding about the contents of the accounting standards, etc., and establish a system so that MMC might be able to properly respond to the changes in the accounting standards, etc.

1. Consolidated financial statements

(1) Consolidated financial statements

(a) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
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
Total assets	1,433,725	1,484,413

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
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
Net assets		
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

(b) Consolidated statement of income and consolidated statement of comprehensive income
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 (loss)	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 (loss)	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 (loss) attributable to non-controlling interests	5,232	1,735
Net income (loss) attributable to owners of 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

(c) Consolidated statement of changes in net assets

(Millions of yen)

For the fiscal year ended March 31, 2016	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	165,701	85,257	432,241	(220)	682,980
Cumulative effects of changes in accounting policies					—
Restated balance	165,701	85,257	432,241	(220)	682,980
Changes of items during period					
Dividends of surplus			(16,226)		(16,226)
Net income (loss) attributable to owners of parent			72,575		72,575
Purchase of treasury shares				(0)	(0)
Change of scope of equity method					
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

For the fiscal year ended March 31, 2016	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
Cumulative effects of changes in accounting policies							—
Restated balance	7,844	286	(21,013)	(11,445)	(24,327)	12,113	670,766
Changes of items during period							
Dividends of surplus							(16,226)
Net income (loss) attributable to owners of 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

(Millions of yen)

For the fiscal year ended March 31, 2017	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	165,701	85,257	488,590	(220)	739,328
Cumulative effects of changes in accounting policies					—
Restated balance	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 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

For the fiscal year ended March 31, 2017	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
Cumulative effects of changes in accounting policies							—
Restated balance	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 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

(d) 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	(*4) 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)
Purchase of property, plant and equipment	(*2) (69,000)	(56,474)
Proceeds from sales of property, plant and equipment	(*3) 64,024	4,238
Purchase of intangible assets	(6,947)	(11,530)
Proceeds from sales of investment 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	(16,753)	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	(*1) 462,440	(*1) 555,906

Notes

Material basis of the preparation of consolidated financial statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 35

The names of major companies are omitted here because they are provided in “I. Overview of the Company, 4. Status of subsidiaries and associates.”

Changes in the scope of consolidation

1) Excluded from the scope of consolidation: 1

Company excluded from the scope of consolidation due to liquidation

MMC International Finance (Netherlands) B.V.

(2) Names of major unconsolidated subsidiaries

PT.Mitsubishi Motors Krama Yudha Indonesia, etc.

Reason for exclusion from scope of consolidation

The amounts of total assets, net sales, net loss or profit, and retained earnings of unconsolidated subsidiaries, including the above, are all insignificant in size and do not have a significant impact on the consolidated financial statements in aggregate either, therefore such subsidiaries are excluded from the scope of consolidation.

2. Application of the equity method

(1) Number of associates to which the equity method is applied: 20

The names of major companies are omitted here because they are provided in “I. Overview of the Company, 4. Status of subsidiaries and associates.”

(2) Names of unconsolidated subsidiaries and associates to which the equity method is not applied

Unconsolidated subsidiaries

PT.Mitsubishi Motors Krama Yudha Indonesia, etc.

Associates

PT.Mitsubishi Motors Krama Yudha Sales Indonesia, etc.

Reason for non-application of equity method

The amounts such as net loss or profit and retained earnings of unconsolidated subsidiaries and associates to which the equity method is not applied are all insignificant in size and do not have a significant impact on the consolidated financial statements in aggregate either, therefore such unconsolidated subsidiaries and associates are excluded from the scope of equity method.

3. Fiscal year end dates of consolidated subsidiaries

For those overseas six consolidated subsidiaries such as Mitsubishi Motors (Thailand) Co., Ltd., for which the fiscal year end date (December 31) is different from the consolidated fiscal year end date (March 31), additional financial statements are prepared as of March 31, for consolidation purposes.

4. Accounting policies

(1) Valuation bases and methods of significant assets

Securities

Held-to-maturity debt securities:

Stated at amortized cost.

Available-for-sale securities

Available-for-sale securities with a readily determinable market value

Stated at fair value based on the market price on the consolidated balance sheet date and the cost of securities sold is computed based on the moving average method. The difference between the acquisition cost and the carrying value of available-for-sale securities, including unrealized gains and losses, is recognized in valuation difference on available-for-sale securities in the accompanying consolidated balance sheet.

Available-for-sale securities without a readily determinable market value

Stated at cost determined by the moving average method.

Derivative financial instruments

Market price method (excluding interest rate swaps for which the special accounting provisions are applied)

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.

(2) Depreciation and amortization method for significant depreciable and amortizable assets

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 consistent 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 assets (excluding leased assets)

Intangible 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 consolidated subsidiaries. Software intended for use by MMC and its domestic consolidated subsidiaries is amortized using the straight line method over the period for which each asset is available for use (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.

(3) Significant allowances and provisions

Allowance for doubtful accounts

To prepare for losses from bad debts for trade receivables, loans, etc., allowance for doubtful accounts is provided based on the historical default rate for ordinary receivables, and taking into account individual collectability for specific receivables such as doubtful receivables. An estimate of the amount of specific uncollectible accounts is calculated.

Provision for product warranties

MMC and domestic consolidated subsidiaries calculate the provision for product warranties after taking into account, according to the warranty agreements, future warranty forecasts based on past results in order to provide for the products' after-service costs.

Overseas consolidated subsidiaries calculate the provision for product warranties based on their historical experience and estimations in order to provide for the products' after-service costs.

Provision for loss on fuel consumption test

To provide for losses relating to fuel consumption test, provision is calculated to the extent that can be reasonably projected and estimated at the end of the current fiscal year.

(4) Accounting method for retirement benefits

Method of attributing estimated retirement benefits to the periods

In computing retirement benefits obligations, the projected retirement benefits obligations are attributed to periods until the end of the current fiscal year using a benefit formula basis.

Method of amortization of actuarial gains and losses and prior service costs

Prior service cost is being amortized using the straight line basis over a fixed number of years (10 years) within the estimated average remaining service years of the employees.

Actuarial gains and losses are being amortized using the straight line method over a fixed number of years (10 years) within the estimated average remaining service years of employees commencing from the following fiscal year after incurrence.

Unrecognized actuarial gains and losses and unrecognized prior service cost are recorded in the remeasurements of defined benefit plans, net of tax, in other accumulated comprehensive income under net assets after considering tax effects.

(5) Translation of significant foreign currency accounts

Monetary receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the end of the fiscal year, and differences arising from the translation are included in the consolidated statement of income. Assets and liabilities and income and expenses of overseas consolidated subsidiaries, etc. are translated into yen at the rates of exchange at the end of the fiscal year and the average exchange rates during the period, respectively, and differences arising from the translation are included in "Foreign currency translation adjustment" and "Non-controlling interests" under net assets.

(6) Significant hedge accounting method

Hedge accounting method

Primarily, deferred hedge accounting is applied for derivative instruments. Interest rate swaps meeting the requirements for special treatment are accounted for using the special treatment.

Hedging instruments and hedged items

Hedging instruments and hedged items to which hedge accounting is applied for the current fiscal year are as follows:

a. Hedging instruments: Forward foreign exchange contracts

Hedged items: Primarily, trade receivables denominated in foreign currencies arising from product exports (on forecast transactions)

b. Hedging instruments: Interest rate swaps

Hedged items: Interest on borrowings

Hedging policy

MMC is conducting hedging activities in order to avoid foreign exchange fluctuation risk on monetary receivables and payables denominated in foreign currencies arising from normal course of business transactions and interest rate fluctuation risk on borrowing, etc.

Method of assessing of hedge effectiveness

With respect to forward foreign exchange contracts, assessment of hedge effectiveness is omitted, since material conditions are identical with forecast transactions to be hedged and it can be assumed to offset market fluctuations at the time of inception of hedges and afterward.

With respect to interest rate swaps accounted for using special treatment, assessment of hedge effectiveness is substituted by identifying that they meet the requirements.

(7) Scope of cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(8) Other significant matters serving as the preparation of consolidated financial statements

Accounting for consumption taxes

Consumption tax and local consumption tax are accounted for by tax-exclusion method.

Application of consolidated taxation system

The consolidated taxation system is applied.

Additional information

(Application of ASBJ Guidance on Recoverability of Deferred Tax Assets)

Effective from this fiscal year, MMC applied the “Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016).

Consolidated balance sheet

(*1) Accumulated depreciation of property, plant and equipment is as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (As of March 31, 2016)	For the fiscal year ended March 31, 2017 (As of March 31, 2017)
Accumulated depreciation of property, plant and equipment	865,429	861,589

(*2) Assets pledged as collateral and liabilities secured by the collateral

Assets pledged as collateral (excluding factory foundation) is as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (As of March 31, 2016)	For the fiscal year ended March 31, 2017 (As of March 31, 2017)
Property, plant and equipment	18,077	17,612
Other (Note)	2,471	2,312
Total	20,548	19,925

(Note) In the fiscal year ended March 31, 2016, accounts receivable - other of 1,292 million yen was pledged based on a liability in a term lease contract relating to a building with Murata Medical Services, Ltd. In addition, MMC pledged investment securities of 46 million yen as collateral for the borrowings of Mizushima Eco-works Co., Ltd.

In the fiscal year ended March 31, 2017, accounts receivable - other of 1,247 million yen was pledged based on a liability in a term lease contract relating to a building with Murata Medical Services, Ltd. In addition, MMC pledged investment securities of 46 million yen as collateral for the borrowings of Mizushima Eco-works Co., Ltd.

Assets pledged as foundation collateral is as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (As of March 31, 2016)	For the fiscal year ended March 31, 2017 (As of March 31, 2017)
MMC		
Okazaki Plant Foundation		
Buildings and structures	13,416	—
Land	985	—
Total	14,402	—
Consolidated subsidiary (Pajero Manufacturing Co., Ltd.)		
Buildings and structures	2,326	2,262
Machinery, equipment and vehicles	3,477	3,298
Land	1,540	1,540
Total	7,343	7,101

Liabilities secured by the collateral is as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (As of March 31, 2016)	For the fiscal year ended March 31, 2017 (As of March 31, 2017)
Short-term loans payable	7,885	8,100
Current portion of long-term loans payable	10,276	256
Long-term loans payable	491	235
Total	18,653	8,591

(*3) Investments in unconsolidated subsidiaries and associates

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (As of March 31, 2016)	For the fiscal year ended March 31, 2017 (As of March 31, 2017)
Investment securities	61,608	69,652
Other (investments and other assets)	43,278	38,756
(of which investment in joint ventures)	(12,452)	(8,699)

(*4) Guarantee obligation

For the fiscal year ended March 31, 2016 (As of March 31, 2016)			For the fiscal year ended March 31, 2017 (As of March 31, 2017)		
Guarantee	Guaranteed amount (Millions of yen)	Description of guaranteed obligation	Guarantee	Guaranteed amount (Millions of yen)	Description of guaranteed obligation
-	-		PT.Mitsubishi Motors - Krama Yudha Indonesia	9,739	Bank loans and others
PCMA Rus, LLC	5,529	Bank loans and others	PCMA Rus, LLC	2,705	Bank loans and others
Employees	628	(Note)	Employees	541	(Note)
Other	66	Lease obligations and others	Other	65	Lease obligations and others
Total	6,224		Total	13,052	

(Note) Bank loans for "Employees' property accumulation residence fund," etc.

Consolidated statement of income

(*1) Gain on sales of non-current assets is as follows:

(Millions of yen)			
For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)		For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)	
Buildings and structures	1,074	Buildings and structures	135
Machinery, equipment and vehicles	308	Machinery, equipment and vehicles	213
Tools, furniture and fixtures	90	Tools, furniture and fixtures	41
Land	9,375	Land	561
Intangible assets	0	Intangible assets	0
Total	10,848	Total	952

(*2) Loss on sales of non-current assets is as follows:

(Millions of yen)			
For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)		For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)	
Buildings and structures	10	Buildings and structures	10
Machinery, equipment and vehicles	309	Machinery, equipment and vehicles	113
Tools, furniture and fixtures	37	Tools, furniture and fixtures	7
Land	27	Land	146
Total	385	Total	277

(*3) Total amount of research and development expenses included in selling, general and administrative expenses

For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)		For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)	
45,012		57,679	

(*4) Impairment loss

The MMC Group recognized an impairment loss on the following asset group:

For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(1) Outline of asset group on which an impairment loss was recognized

Location	Usage	Type	Amount (Millions of yen)
Kanazawa, Ishikawa, etc. (33 locations)	Sales related assets	Buildings, land, and others	847
Kurashiki, Okayama and Konan, Shiga, etc. (18 locations)	Idle assets	Buildings, land, and others	1,263
Okazaki, Aichi (1 location)	Production facilities	Machinery, equipment, tools, furniture, fixtures, and others	77

(2) Grouping method of assets

Production assets are grouped by the unit of car body production plant or the business unit and sales related assets are grouped mainly by business unit. In addition, lease assets and idle assets are treated as individual asset groups.

(3) Circumstances leading to recognition of impairment losses

Due to worsening of market environments, etc., the carrying amount of certain assets was written-down to the recoverable amounts.

(4) Method of computing the recoverable amount

The recoverable amount is determined by the higher amount of either the value in use computed by discounting future cash flows of each asset group by 7%, or the net selling value reasonably computed using the appraisal value based on the real estate appraisal standard, the assessed value of the inheritance tax based on the road rating, etc.

The recoverable amount of idle assets is computed using the net selling value and those idle assets which are substantially difficult to sell to others are assessed as net selling value of zero.

(5) Amount of impairment loss

An impairment loss of 2,188 million yen is recorded under extraordinary losses and major components are as follows:

	(Millions of yen)
Buildings and structures	841
Machinery and equipment	347
Tools, furniture and fixtures	123
Land	773
Other	101
Total	2,188

For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Outline of asset group on which an impairment loss was recognized

Location	Usage	Type	Amount (Millions of yen)
Uwajima, Aichi, etc. (36 locations)	Sales related assets	Buildings, land, and others	884
Maebashi, Gunma, etc. (10 locations)	Idle assets	Buildings, land, and others	258
Kurashiki, Okayama (1 location)	Production facilities	Machinery, equipment, tools, furniture, fixtures, and others	28,028

(2) Grouping method of assets

Production assets are grouped by the unit of car body production plant or the business unit and sales related assets are grouped mainly by business unit. In addition, lease assets and idle assets are treated as individual asset groups.

(3) Circumstances leading to recognition of impairment losses

Due to worsening of market environments, etc., the carrying amount of certain assets was written-down to the recoverable amounts.

(4) Method of computing the recoverable amount

The recoverable amount is determined by the higher amount of either the value in use computed by discounting future cash flows of each asset group by 5%, or the net selling value reasonably computed using the appraisal value based on the real estate appraisal standard, the assessed value of the inheritance tax based on the road rating, etc.

The recoverable amount of idle assets is computed using the net selling value and those idle assets which are substantially difficult to sell are assessed as net selling value of zero.

(5) Amount of impairment loss

An impairment loss of 29,171 million yen is recorded under extraordinary losses and loss on fuel consumption test , and major components are as follows:

	(Millions of yen)
Buildings and structures	5,668
Machinery and equipment	13,094
Tools, furniture and fixtures	9,069
Land	673
Other	665
Total	29,171

(*5) Loss on fuel consumption test

For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

Loss on fuel consumption test includes return of money related to tax credit on eco-friendly cars related to fuel consumption test and a part of payments to customers.

For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

Loss on fuel consumption test includes part of payments to customers, Nissan Motor Co., Ltd and suppliers and fixed asset impairment loss of Mizushima manufacturing plant.

(*6) Loss on closing of plants

For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

It consists of severance related expenses due to closing of plant by Mitsubishi Motors North America, Inc., (MMNA) a wholly owned subsidiary of MMC in the United States.

For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

It consists of severance related expenses due to closing of plant by Mitsubishi Motors North America, Inc., (MMNA) a wholly owned subsidiary of MMC in the United States.

Consolidated statement of comprehensive income

(*1) Reclassification adjustments and tax effects concerning other comprehensive income

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Valuation difference on available-for-sale securities:		
Amount arising during the period	(5,017)	4,440
Reclassification adjustments	(97)	(59)
Before tax-effect adjustment	(5,115)	(4,381)
Amount of tax effects	1,714	(1,329)
Valuation difference on available-for-sale securities	(3,400)	3,052
Deferred gains or losses on hedges:		
Amount arising during the period	(2,696)	(4,932)
Reclassification adjustments	2,702	4,900
Deferred gains or losses on hedges	5	(32)
Foreign currency translation adjustment:		
Amount arising during the period	(33,866)	(37)
Reclassification adjustments	-	109
Foreign currency translation adjustment	(33,866)	71
Remeasurements of defined benefit plans:		
Amount arising during the period	(3,079)	(7,129)
Reclassification adjustments	136	913
Before tax-effect adjustment	(2,943)	(6,215)
Amount of tax effects	216	34
Remeasurements of defined benefit plans	(2,726)	(6,180)
Share of other comprehensive income of entities accounted for using equity method:		
Amount arising during the period	(5,307)	(6,503)
Reclassification adjustments	(29)	1,641
Share of other comprehensive income of entities accounted for using equity method	(5,336)	(4,862)
Total other comprehensive income	(45,325)	(7,951)

Consolidated statement of changes in net assets

For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

1. Class and total number of issued shares and class and number of treasury shares

(Thousands of shares)

	At the beginning of the period	Increase	Decrease	At the end of the period
Issued shares:				
Common stock	983,661	-	-	983,661
Total	983,661	-	-	983,661
Treasury shares:				
Common stock (Note)	221	0	-	221
Total	221	0	-	221

(Note) (*1) The increase of 0 thousand shares in the number of shares of common stock under treasury shares is due to purchase of shares less than one unit.

2. Dividends

(1) Dividend payment

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2015	Common stock	8,359	8.5	March 31, 2015	June 25, 2015
Board of Directors Meeting held on October 27, 2015	Common stock	7,867	8.0	September 30, 2015	December 2, 2015

(2) Dividends for which record date is in the current fiscal year with effective date in the following fiscal year

Resolution	Class of shares	Total dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2016	Common stock	7,867	Retained earnings	8.0	March 31, 2016	June 27, 2016

For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

1. Class and total number of issued shares and class and number of treasury shares

(Thousands of shares)

	At the beginning of the period	Increase	Decrease	At the end of the period
Issued shares:				
Common stock (*1)	983,661	506,620	-	1,490,282
Total	983,661	506,620	-	1,490,282
Treasury shares:				
Common stock (*2)	221	0	-	222
Total	221	0	-	222

(Note) (*1) The increase of 506,620 thousand shares in the number of shares of common stock is due to the issuance of new shares for allocating to a third party, Nissan Motor Co., Ltd.

(*2) The increase of 0 thousand shares in the number of shares of common stock under treasury shares is due to purchase of shares less than one unit.

2. Dividends

(1) Dividend payment

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2016	Common stock	7,867	8.0	March 31, 2017	June 27, 2016
Board of Directors Meeting held on October 28, 2016	Common stock	4,917	5.0	September 30, 2016	December 2, 2016

(2) Dividends for which record date is in the current fiscal year with effective date in the following fiscal year

Resolution	Class of shares	Total dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 23, 2017	Common stock	7,450	Retained earnings	5.0	March 31, 2017	June 26, 2017

Consolidated statement of cash flows

(*1) Reconciliation of cash and cash equivalents at end of period and the amount recorded in the consolidated balance sheet

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Cash and deposits	453,371	556,836
Time deposits with maturities of more than three months	(930)	(930)
Securities (short-term investment maturing within 3 months from the acquisition date)	10,000	—
Cash and cash equivalents	462,440	555,906

(*2) Purchase of property, plant and equipment includes the following payments for acquisition of leased vehicles.

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Payment for acquisition of leased vehicles	(4,537)	—

(*3) Proceeds from sales of property, plant and equipment includes the following proceeds from sales of leased vehicles.

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Proceeds from sales of leased vehicles	46,756	—

(*4) Change in finance receivables includes the following payment for finance receivables and proceeds from collection of finance receivables:

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Payment for finance receivables	(30,340)	—
Proceeds from collection of finance receivables	108,476	—

Lease transactions

Lessees' accounting

1. Finance lease transactions

Finance lease transactions without ownership transfer

1) Details of leased assets

Property, plant and equipment

Mainly production facilities in the automobile business ("Machinery, equipment and vehicles, net" and "tools, furniture and fixtures, net")

2) Depreciation method of leased assets

As noted in "4. Accounting policies, (2) Depreciation and amortization method for significant depreciable and amortizable assets" under "Material basis of the preparation of consolidated financial statements."

2. Operating lease transactions

Future minimum lease payments required under non-cancellable operating lease transactions

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Due within one year	1,590	1,401
Due after one year	7,970	5,661
Total	9,561	7,063

Lessors' accounting

1. Operating lease transactions

Future minimum lease payments required under non-cancellable operating lease transactions

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Due within one year	684	523
Due after one year	744	864
Total	1,429	1,387

Financial instruments

1. Overview of financial instruments

(1) Our policy to manage financial instruments

The MMC Group's capital management policy is to limit its investments to low-risk financial products and to obtain 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.

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

Trade receivables, which includes notes and accounts receivable – trade, are exposed to the credit risk of our customers. To manage this risk, in accordance with the MMC 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 by customer.

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 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 MMC Group has business relationships.

Trade payables, which include notes and accounts payable – trade, and electronically recorded obligations-operating, 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 the borrowings, derivative transactions (interest rate swaps) may be 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 may be used as hedging instruments for some of these loans.

In order to mitigate counterparty risks, the MMC 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.

(3) Supplemental explanation on the fair value of financial instruments

With respect to notional amounts related to derivative transactions noted in "2. Fair value of financial instruments," the amount itself does not present the market risk related to derivative transactions.

2. 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 are as follows. Assets and liabilities for which it is deemed difficult to measure the fair value are not included in the tables below. (Refer to (Note) 2.)

For the fiscal year ended March 31, 2016 (as of March 31, 2016)

The difference between these is as follows. Still more, those which are deemed extremely difficult to grasp the market value are not included (Reference: Note 2).

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	453,371	453,371	-
(2) Notes and accounts receivable - trade	172,119	172,119	-
(3) Investment securities	16,342	16,342	-
Total assets	641,834	641,834	-
(1) Notes and accounts payable - trade	362,066	362,066	-
(2) Electronically recorded obligations - operating	27,093	27,093	-
(3) Short-term loans payable	12,379	12,379	-
(4) Long-term loans payable	14,695	14,727	31
(5) Accounts payable - other and accrued expenses	113,177	113,177	-
Total liabilities	529,411	529,443	31
Derivative transactions (*1)	(144)	(144)	-

(*1) Net receivables and payables, which were derived from derivative transactions, are presented in net amounts, and any item for which the total becomes a net liability is indicated in parentheses.

For the fiscal year ended March 31, 2017 (as of March 31, 2017)

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	556,836	556,836	-
(2) Notes and accounts receivable - trade	164,761	164,761	-
(3) Investment securities	20,330	20,330	-
Total assets	741,928	741,928	-
(1) Notes and accounts payable - trade	378,561	378,561	-
(2) Electronically recorded obligations - operating	21,393	21,393	-
(3) Short-term loans payable	15,069	15,069	-
(4) Long-term loans payable	540	537	(2)
(5) Accounts payable - other and accrued expenses	124,573	124,573	-
Total liabilities	540,137	540,137	(2)
Derivative transactions (*1)	100	100	-

(*1) Net receivables and payables, which were derived from derivative transactions, are presented in net amounts.

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

Assets

(1) Cash and 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 approximately equal to the carrying amounts.

(2) 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.

(3) Investment securities

The fair values of investment securities are based on their respective market values. Refer to the notes in "Securities" with regard to the noteworthy matters provided for each type of securities, classified by holding purpose.

Liabilities

(1) Notes and accounts payable - trade, (2) Electronically recorded obligations - operating, (3) Short-term loans payable, (5) Accounts payable - other and accrued expenses

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.

(4) 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 the notes in "Derivative transactions."

(Note) 2. The amounts of financial instruments recorded in the consolidated balance sheet for which it is deemed difficult to measure the fair value

Classification	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (As of March 31, 2016)	For the fiscal year ended March 31, 2017 (As of March 31, 2017)
Unlisted shares and shares of subsidiaries and associates	66,732	74,628

Unlisted shares and shares of subsidiaries and associates are not included in "(3) Investment securities," as it is deemed difficult to measure the fair value because they are nonmarketable and future cash flows cannot be estimated.

(Note) 3. Redemption schedule after the balance sheet date for monetary receivables and securities with maturity dates

For the fiscal year ended March 31, 2016 (as of March 31, 2016)

	(Millions of yen)					
	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years
Deposits	453,034	-	-	-	-	-
Notes and accounts receivable - trade	172,119	-	-	-	-	-
Total	625,154	-	-	-	-	-

For the fiscal year ended March 31, 2017 (as of March 31, 2017)

	(Millions of yen)					
	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years
Deposits	556,605	-	-	-	-	-
Notes and accounts receivable - trade	164,761	-	-	-	-	-
Total	721,366	-	-	-	-	-

(Note) 4. Repayment schedule after the balance sheet date for short-term and long-term loans payable

For the fiscal year ended March 31, 2016 (as of March 31, 2016)

(Millions of yen)

	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years
Short-term loans payable	12,379	-	-	-	-	-
Long-term loans payable	14,155	299	148	90	0	1
Total	26,535	299	148	90	0	1

For the fiscal year ended March 31, 2017 (as of March 31, 2017)

(Millions of yen)

	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years
Short-term loans payable	15,069	-	-	-	-	-
Long-term loans payable	299	148	90	0	0	0
Total	15,368	148	90	0	0	0

Securities

1. Held-to-maturity debt securities

Not applicable.

2. Available-for-sale securities

For the fiscal year ended March 31, 2016 (as of March 31, 2016)

(Millions of yen)				
	Type	Carrying value	Acquisition cost	Difference
Securities whose carrying value exceeds their acquisition cost	Stocks	16,334	9,083	7,251
	Subtotal	16,334	9,083	7,251
Securities whose carrying value does not exceed their acquisition cost	Stocks	8	9	(1)
	Subtotal	8	9	(1)
Total		16,342	9,093	7,249

For the fiscal year ended March 31, 2017 (as of March 31, 2017)

(Millions of yen)				
	Type	Carrying value	Acquisition cost	Difference
Securities whose carrying value exceeds their acquisition cost	Stocks	20,325	8,992	11,333
	Subtotal	20,325	8,992	11,333
Securities whose carrying value does not exceed their acquisition cost	Stocks	4	4	(0)
	Subtotal	4	4	(0)
Total		20,330	8,997	11,333

3. Available-for-sale securities sold

For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Millions of yen)			
Type	Sales proceeds	Total gain	Total loss
Stocks	116	97	-

For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(Millions of yen)			
Type	Sales proceeds	Total gain	Total loss
Stocks	2,463	1,863	0

4. Securities for which an impairment loss was recognized

For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

This information is omitted because it is immaterial.

For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

Not applicable.

Derivative transactions

1. Derivative transactions for which hedge accounting is not applied

(1) Currency-related transactions

For the fiscal year ended March 31, 2016 (as of March 31, 2016)

(Millions of yen)

Classification	Transaction type	Notional amounts	Portion of notional amounts after one year	Fair value	Valuation gain or loss
Non-market transactions	Forward foreign exchange contracts:				
	Sell:				
	JPY	4,831	-	24	24
	Other	548	-	(15)	(15)
	Buy:				
	USD	9,670	-	18	18
	JPY	1,877	-	(172)	(172)
Total		-	-	(144)	(144)

(Note) The fair value is calculated based on the prices and others presented from the financial institutions with which derivatives are transacted.

For the fiscal year ended March 31, 2017 (as of March 31, 2017)

(Millions of yen)

Classification	Transaction type	Notional amounts	Portion of notional amounts after one year	Fair value	Valuation gain or loss
Non-market transactions	Forward foreign exchange contracts:				
	Sell:				
	USD	2,259	-	(10)	(10)
	JPY	744	-	6	6
	Buy:				
	JPY	20,212	-	103	103
Total		-	-	100	100

(Note) The fair value is calculated based on the prices and others presented from the financial institutions with which derivatives are transacted.

(2) Interest-related transactions

For the fiscal year ended March 31, 2016 (as of March 31, 2016)

Not applicable.

For the fiscal year ended March 31, 2017 (as of March 31, 2017)

Not applicable.

2. Derivative transactions for which hedge accounting is applied

(1) Currency-related transactions

For the fiscal year ended March 31, 2016 (as of March 31, 2016)

Not applicable.

For the fiscal year ended March 31, 2017 (as of March 31, 2017)

Not applicable.

(2) Interest-related transactions

For the fiscal year ended March 31, 2016 (as of March 31, 2016)

(Millions of yen)

Method of hedge accounting	Type of transactions	Major hedged items	Notional amounts	Portion of notional amounts after one year	Fair value
Special treatment for interest rate swaps	Swaps: Pay fixed / receive floating	Borrowings	185	95	(Note)
Total			-	-	-

(Note) The fair value of interest rate swaps under the special treatment is accounted for as an integral part of borrowings that are hedged items. Thus, the fair value of the interest rate swaps is included in the fair value of the borrowings.

For the fiscal year ended March 31, 2017 (as of March 31, 2017)

(Millions of yen)

Method of hedge accounting	Type of transactions	Major hedged items	Notional amounts	Portion of notional amounts after one year	Fair value
Special treatment for interest rate swaps	Swaps: Pay fixed / receive floating	Borrowings	70	25	(Note)
Total			-	-	-

(Note) The fair value of interest rate swaps under the special treatment is accounted for as an integral part of borrowings that are hedged items. Thus, the fair value of the interest rate swaps is included in the fair value of the borrowings.

Retirement benefits

1. Outline of adopted retirement benefit plans

MMC and its consolidated subsidiaries have welfare pension plans, defined benefit corporate pension plans and lump-sum payment plans as defined benefit plans, and defined contribution pension plans as defined contribution plans. Certain employees may be entitled to additional special retirement benefits, depending on the conditions for the termination of their employment. Certain consolidated subsidiaries apply a simplified method for calculation of retirement benefits obligation.

MMC has established a retirement benefit trust for its lump-sum payment plan.

Certain consolidated subsidiaries participate in welfare pension fund plans of multi-employer plans. For the plans which cannot reasonably compute the amount of plan assets corresponding to its contributions, such plans are accounted for in the same manner as the defined contribution plans.

2. Defined-benefit pension plan

(1) Adjustments between the beginning and ending balances of retirement benefits obligation

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Retirement benefits obligation at beginning of period	188,952	191,526
Service cost	9,243	8,782
Interest cost	4,002	3,582
Actuarial gains and losses generated	537	4,183
Retirement benefits paid	(11,950)	(16,927)
Prior service cost generated	6,074	65
Effect of foreign currency translation	(5,439)	(882)
Decrease due to transfer to defined contribution pension plan	-	(1,452)
Other	105	(53)
Retirement benefits obligation at end of period	191,526	188,825

(2) Adjustments between the beginning and ending balances of plan assets

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Plan assets at beginning of period	86,954	160,932
Expected return on plan assets	5,711	7,119
Actuarial gains and losses generated	(4,373)	(3,112)
Contribution from employers	2,186	1,626
Retirement benefits paid	(4,525)	(13,989)
Effect of foreign currency translation	(4,171)	(645)
Decrease due to transfer to defined contribution pension plan	-	(1,588)
Contribution to retirement benefit trust	79,200	-
Other	(48)	(196)
Plan assets at end of period	160,932	150,146

(3) Adjustments between the ending balances of retirement benefits obligation and plan assets and the net defined benefit liability and net defined benefit assets reported on the balance sheets

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (As of March 31, 2016)	For the fiscal year ended March 31, 2017 (As of March 31, 2017)
Retirement benefits obligation for funded plans	171,482	168,119
Plan assets	(160,932)	(150,146)
	10,550	17,973
Retirement benefits obligation for unfunded plans	20,044	20,706
Net defined liability and assets reported on the consolidated balance sheet	30,594	38,679
Net defined benefit liability	34,002	41,593
Net defined benefit assets	(3,408)	(2,913)
Net defined liability and assets reported on the consolidated balance sheet	30,594	38,679

(4) The amounts of components of retirement benefit expenses

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (As of March 31, 2016)	For the fiscal year ended March 31, 2017 (As of March 31, 2017)
Service cost	9,243	8,782
Interest cost	4,002	3,582
Expected return on plan assets	(5,711)	(7,119)
Amortization of actuarial gains and losses	1,433	1,310
Amortization of prior service cost (*1)	5,605	(418)
Gains and losses due to transfer to defined contribution pension plans	-	158
Other	202	23
Retirement benefit expenses for defined benefit plans	14,775	6,319

(*1) Amortization of prior service cost for the fiscal year ended March 31, 2016 includes 6,873 million yen of termination benefits caused by closing a U.S. subsidiary's plant, which was recorded as a loss on closing of plants.

(*2) In addition to the above retirement benefit expenses, 9,242 million yen and 493 million yen of additional severance payments caused by closing a U.S. subsidiary's plant were recorded as a loss on closing of plants for the fiscal year ended March 31, 2016 and for the fiscal year ended March 31 2017, respectively.

(5) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effects) are as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Prior service cost	1,342	1,170
Actuarial gains and losses	1,600	5,044
Total	2,943	6,215

(6) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effects) are as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (As of March 31, 2016)	For the fiscal year ended March 31, 2017 (As of March 31, 2017)
Unrecognized prior service cost	(3,675)	(2,517)
Unrecognized actuarial gains and losses	17,973	23,096
Total	14,297	20,579

(7) Plan assets

1) Major components of plan assets

Ratio of each major component of plan assets is as follows:

	For the fiscal year ended March 31, 2016 (As of March 31, 2016)	For the fiscal year ended March 31, 2017 (As of March 31, 2017)
Bonds	60%	43%
Short-term funds	22	1
Stocks	12	51
Cash and deposits	2	2
Life insurance company accounts	3	3
Other	1	0
Total	100	100

2) Method for determining the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined considering the expected profile of plan assets both currently and in the future, and the long-term rates of return which are expected currently and in the future from the various components of those plan assets.

(8) Actuarial assumptions used

Principal actuarial assumptions

	For the fiscal year ended March 31, 2016 (As of March 31, 2016)	For the fiscal year ended March 31, 2017 (As of March 31, 2017)
Discount rate		
Domestic companies	0.0% - 0.8%	0.0% - 0.8%
Oversea companies	3.6% - 5.6%	3.9% - 5.4%
Expected rate of return		
Domestic companies	0.7% - 4.0%	0.7% - 4.0%
Oversea companies	3.6% - 6.5%	3.9% - 6.5%
Expected future salary increase		
Domestic companies	1.0% - 5.3%	1.0% - 5.0%
Oversea companies	3.0% - 6.5%	2.5% - 6.5%

3. Defined contribution plans

The required contribution to the defined contribution plans (including welfare pension fund plans of multi-employer plans which are accounted for in the same manner as defined contribution plans) of MMC and its consolidated subsidiaries is 3,006 million yen and 2,221 million yen for the fiscal year ended March 31, 2016 and 2017, respectively.

(1) Latest funding status of multi-employer plans

	(Millions of yen)	
	As of March 31, 2015	As of March 31, 2016
Amount of plan assets	30,640	-
Total amount of actuarial obligations for pension finance computation purpose and minimum policy reserve	32,918	-
Net amount	(2,278)	-

(2) Percentage of the contribution of the MMC Group to the entire contributions of multi-employer plans

	March 2015	March 2016
Percentage of the contribution of the MMC Group to the entire plans	56.2%	-

(3) Supplementary explanation

A major component of the net amount presented in (1) above is prior service liability for pension finance computation purposes (933million yen as of March 31, 2015)

Prior service liability under the plan is amortized by the straight line method over a period of 20 years.

The percentage of (2) above does not equal the actual percentage of the contribution of the MMC Group.

In addition, the above welfare pension fund of MMC has been under the process of completing liquidation following the approval for dissolution in March 25, 2016. Therefore the information about funding position as of March 31, 2016 and MMC group's proportion of contributions of total defined contribution as of March 2017 are omitted. Additional contribution resulting from the dissolution of the fund is not estimated.

Tax-effect accounting

1. Significant components of deferred tax assets and liabilities

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (As of March 31, 2016)	For the fiscal year ended March 31, 2017 (As of March 31, 2017)
Deferred tax assets:		
Net operating losses carried forward	251,266	292,842
Net defined benefit liability	32,808	34,236
Allowance for doubtful accounts	1,270	1,284
Self-disallowed accrued expenses	7,090	9,335
Accounts payable - trade (warranty work costs)	16,772	32,833
Non-deductible provision for product warranties	13,648	14,414
Non-current assets (including impairment loss)	17,583	18,590
Other	23,065	29,907
Subtotal	363,507	433,445
Less valuation allowance	(336,357)	(416,862)
Total deferred tax assets	27,150	16,583
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(1,932)	(3,266)
Appraisal value of land based on the full fair value method	(3,174)	(3,134)
Reserve for advanced depreciation of non-current assets	(192)	(182)
Accelerated depreciation of overseas subsidiaries	(624)	(12)
Other	(23,672)	(18,684)
Total deferred tax liabilities	(29,597)	(25,280)
Net deferred tax assets (liabilities)	(2,447)	(8,697)

(Note) Net deferred tax assets (liabilities) as of March 31, 2015 and 2016 are included in the following accounts in the consolidated balance sheet:

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (As of March 31, 2016)	For the fiscal year ended March 31, 2017 (As of March 31, 2017)
Deferred tax assets - current assets	14,883	8,626
Deferred tax assets - non-current assets	9,378	7,311
Deferred tax liabilities - current liabilities	(45)	(51)
Deferred tax liabilities - non-current liabilities	(26,663)	(24,583)

2. The reconciliation of significant differences between the effective statutory tax rate and effective income tax rate after application of tax-effect accounting

	For the fiscal year ended March 31, 2016 (As of March 31, 2016)	For the fiscal year ended March 31, 2017 (As of March 31, 2017)
Effective statutory tax rate	32.7%	
Reconciliations:		
Share of profit of entities accounted for using equity method	(3.3)	This information is omitted because MMC resulted in Loss before income taxes.
Non-taxable dividend income	(1.7)	
Difference of applicable tax rates of overseas consolidated subsidiaries, etc.	(10.6)	
Change in valuation allowance	11.4	
Actual effective income tax rate after application of tax-effect accounting	28.5	

3. Amendments of amounts of deferred tax assets and liabilities due to changes in income tax rates

The “Act for Partial Amendment of the Act for Partial Amendment of the Consumption Tax Act and Others to Make Fundamental Reform of the Taxation System for Securing Stable Financial Resources for Social Security, etc.” (Act No. 85 of 2016) and the “Act for Partial Amendment of the Act for Partial Amendment of the Local Tax Act and the Local Allocation Tax Act to Make Fundamental Reform of the Taxation System for Securing Stable Financial Resources for Social Security, etc.” (Act No. 86 of 2016) were enacted in the Diet on November 18, 2016. The increase in consumption tax rate to 10% was postponed from April 1, 2017, to October 1, 2019. Accordingly, the implementation of the abolishment of the special local corporation tax and concurrent restoration of the corporation business tax, revision of the local corporation tax rate, and revision of the corporate inhabitant tax rate were postponed from the fiscal year starting on or after April 1, 2017, to the fiscal year starting on or after October 1, 2019.

The effect of the change is immaterial.

Business combinations, etc.

This information is omitted because it is immaterial.

Asset retirement obligations

Asset retirement obligations recorded in the consolidated balance sheets

1. Outline of asset retirement obligations

Since MMC and the MMC Group enter into real estate lease contracts and have duties of restoration and removal of harmful substances at the termination of the lease term, MMC and the MMC Group record asset retirement obligations regarding contractual and statutory duties.

2. Method of computing the amount of asset retirement obligations

The amount of asset retirement obligations is computed using the discount rate from 0.2% to 4.4%, assuming the estimated available period to be 1 year to 59 years.

3. Changes in total amount of asset retirement obligations

Changes in the outstanding balance of asset retirement obligations are as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Balance at beginning of period	5,197	5,074
Increase due to acquisition of property, plant and equipment	0	-
Adjustments associated with passage of time	112	112
Decrease due to settlement of asset retirement obligations	(198)	(30)
Other changes (decrease)	(37)	(11)
Balance at end of period	5,074	5,145

Investment properties

The information on investment properties is omitted because the total amount of investment properties is immaterial.

Segment information, etc.

[Segment information]

1. Overview of reportable segments

The Group's reportable segments were previously classified as "automobile business" and "financial service business". Effective FY2016, the Group changed its reportable segments to a single reportable segment which is "automobile business". As a result of the transferring finance receivables and leased vehicles of Mitsubishi Motors Credit of America Inc., a subsidiary in the United States in FY2015, the scale of operations of "financial service business" have significantly decreased. Accordingly, information on reportable segment is omitted for FY2015 and FY2016 as the Group now operates in a single reportable segment.

2. Calculation method of net sales, profit or loss, assets and other items by reportable segments

Information on reportable segment is omitted as the MMC group (the "Group") has a single reportable segment which is "automobile business".

3. The amounts of net sales, profits or losses, assets and other items by reportable segments

For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

Information on reportable segment is omitted as the MMC group (the "Group") has a single reportable segment which is "automobile business".

For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

Information on reportable segment is omitted as the MMC group (the "Group") has a single reportable segment which is "automobile business".

[Related information]

For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

1. Information by products and services

The information is not shown here, as single products and services, Net sales to external customers of "automobile business" account for more than 90% of the sales of consolidated statement of income.

2. Information by geographic region

(1) Net sales

Net sales to external customers classified by the geographic location of the external customers.

(Millions of yen)

Japan	North America		Europe	Asia		Oceania	Other	Total
		The United States			Thailand			
412,914	324,867	240,239	514,569	482,563	193,971	213,417	319,517	2,267,849

(Note) Main countries and regions outside Japan are grouped as follows:

- (1) North America.....The United States
- (2) Europe.....Russia, the United Kingdom, Germany, France, the Netherlands
- (3) Asia.....Thailand, the Philippines, China, Indonesia
- (4) Oceania.....Australia, New Zealand
- (5) Other.....Brazil, Puerto Rico, U.A.E.

(2) Property, plant and equipment

(Millions of yen)

Japan	The United States	Thailand	Other	Total
247,538	6,715	73,544	13,325	341,124

Supplementary information

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

(Millions of yen)

	Japan	North America	Europe	Asia	Oceania	Other	Total	Adjustment	Grand total
Net sales									
(1) External customers	1,330,926	287,179	111,253	304,283	213,417	20,789	2,267,849	-	2,267,849
(2) Intersegment sales	537,677	16,033	7,449	431,419	149	-	992,729	(992,729)	-
Total	1,868,604	303,213	118,702	735,702	213,567	20,789	3,260,579	(992,729)	2,267,849
Operating profit (loss)	67,055	8,317	619	55,123	6,423	(522)	137,016	1,361	138,377

(Note) Main countries and regions outside Japan are grouped as follows:

- (1) North America.....The United States
- (2) Europe.....The Netherlands, Russia
- (3) Asia.....Thailand, the Philippines
- (4) Oceania.....Australia, New Zealand
- (5) Other.....U.A.E., Puerto Rico

3. Information on major customers

(Millions of yen)

Customer	Net sales	Relevant segment
Mitsubishi Corporation	266,744	Automobiles

For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

1. Information by products and services

The information is not shown here, as single products and services, Net sales to external customers of “automobile business” account for more than 90% of the sales of consolidated statement of income.

2. Information by geographic region

(1) Net sales

Net sales to external customers classified by the geographic location of the external customers.

(Millions of yen)

Japan	North America		Europe	Asia		Oceania	Other	Total
		The United States			Thailand			
297,313	297,139	224,661	433,482	433,536	125,346	202,591	242,568	1,906,632

(Note) Main countries and regions outside Japan are grouped as follows:

- (1) North America.....The United States
- (2) Europe.....Germany, the United Kingdom, France, Italy, Russia
- (3) Asia.....Thailand, the Philippines, China, Indonesia
- (4) Oceania.....Australia, New Zealand
- (5) Other.....Brazil, Puerto Rico, U.A.E.

(2) Property, plant and equipment

(Millions of yen)

Japan	Thailand	Other	Total
223,241	65,524	20,238	309,004

Supplementary information

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

(Millions of yen)

	Japan	North America	Europe	Asia	Oceania	Other	Total	Adjustment	Grand total
Net sales									
(1) External customers	1,122,402	267,266	58,854	230,009	202,591	25,507	1,906,632	-	1,906,632
(2) Intersegment sales	502,314	9,287	5,043	438,494	164	0	955,304	(955,304)	-
Total	1,624,717	276,554	63,898	668,504	202,755	25,507	2,861,937	(955,304)	1,906,632
Operating profit (loss)	(58,266)	1,835	3,738	48,652	6,251	880	3,091	2,026	5,118

(Note) Main countries and regions outside Japan are grouped as follows:

- (1) North America.....The United States
- (2) Europe.....The Netherlands, Russia
- (3) Asia.....Thailand, the Philippines
- (4) Oceania.....Australia, New Zealand
- (5) Other.....U.A.E., Puerto Rico

3. Information on major customers

(Millions of yen)

Customer	Net sales	Relevant segment
Mitsubishi Corporation	271,865	Automobiles

[Information about impairment loss on non-current assets by reportable segment]

For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

Information on reportable segment is omitted as the MMC group (the “Group”) has a single reportable segment which is “automobile business”.

For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

Information on reportable segment is omitted as the MMC group (the “Group”) has a single reportable segment which is “automobile business”.

[Information about amortization and unamortized balance of goodwill by reportable segment]

For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

Not applicable.

For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

Not applicable.[Information about the gain recognized on negative goodwill by reportable segments]

For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

Not applicable.

For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

Not applicable.

Information on related party transactions

1. Transactions with related parties

Transactions of MMC with related parties

Parent company and major shareholders, etc. of MMC

For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

Type	Name	Location	Capital (Millions of yen)	Business	Percentage of voting rights holding (held) (%)	Relation	Transactions	Amount (Millions of yen)	Account item	Year- end balance (Millions of yen)
Major shareholder	Mitsubishi Corporation	Chiyoda- ku, Tokyo	204,447	Wholesale trade	(Held) Direct: 10.07 Indirect: 0.00	Sales of products, etc. and purchase of raw materials Concurrent positions of corporate officers	Sales of products (*2)	266,738	Accounts receivable - trade	16,526

For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

Type	Name	Location	Capital (Millions of yen)	Business	Percentage of voting rights holding (held) (%)	Relation	Transactions	Amount (Millions of yen)	Account item	Year- end balance (Millions of yen)
Other related company	Nissan Motor Co., Ltd	Kanagaw a-ku Yokoha ma	605,814	Manufactu ring	(Held) Direct: 34.00 Indirect: 0.00	Mutual sale of products, etc. Sharing technology, Concurrent positions of corporate officers Lease of facilities	third-party allocation of shares (*3)	237,361	-	-
Major shareholder	Mitsubishi Corporation (*4)	Chiyoda- ku, Tokyo	204,447	Wholesale trade	(Held) Direct: 13.99 Indirect: 0.00	Sales of products, etc. and purchase of raw materials Concurrent positions of corporate officers	Sales of products (*2)	125,580	Accounts receivable - trade	19,572

Type	Name	Location	Capital (Millions of yen)	Business	Percentage of voting rights holding (held) (%)	Relation	Transactions	Amount (Millions of yen)	Account item	Year- end balance (Millions of yen)
Subsidiary	PT. Mitsubishi Motors Krama Yudha Indonesia .,	Republic of Indonesia Jawa Barat Bekasi Regency	19,976	Manufactu ring	(Held) Direct: 51.00 Indirect: 0.00	Financial aid, Sales of products, etc.	Lending of funds (*5)	14,803	Long - term loans receivable	17,044

- (Notes)
- (*1) The above amount of transactions does not include consumption taxes and year-end balance includes consumption taxes.
 - (*2) Terms and conditions of transactions and the policies on determination thereof:
Sales prices of products, etc. are determined after examination and negotiations considering market prices and total costs.
 - (*3) Conditions for issuance of third party allotment increase are reasonably determined taking into consideration the market price of our stock.
 - (*4) MMC issues new shares to Nissan Motor Co., Ltd. through a third-party allotment on October 20, 2016. As a result, Mitsubishi Corporation is no longer a related party. As such, amount of transaction shown above is from the first quarter to the end of the second quarter. Also, the Balance at year end shown above is as of the end of the second quarter.
 - (*5) MMC determines the interest rates for the lending of funds in a reasonable manner taking market interest rates into consideration.

Per share information

	(Yen)	
	For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Net assets per share	682.45	463.37
Basic earnings (loss) per share	73.80	(164.11)

(Notes) (*1). Diluted earnings per share is not shown above because there are no potential shares.

(*2). Basis of calculation of basic earnings (loss) per share is as follows:

	For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Income (loss) attributable to owners of parent (Millions of yen)	72,575	(198,524)
Amounts not applicable to shareholders of common stock (Millions of yen)	-	-
Income (loss) attributable to owners of parent pertaining to common stock (Millions of yen)	72,575	(198,524)
Average number of shares of common stock outstanding during the period (Thousands of shares)	983,439	1,209,684

Subsequent event

On April 24, 2017, the Company resolved that it will grant its stock options to its directors (excluding outside directors) as their equity-linked compensations at the Board of Director's meeting. The terms and conditions of the stock options refer to “IV. Information about Reporting Company 1.Information about shares, etc. (9) Contents of Stock Option System”.

(e) Consolidated supplementary schedules

Schedule of bonds payable

Not applicable.

Schedule of borrowings

Classification	Balance at end of the fiscal year ended March 31, 2016 (Millions of yen)	Balance at beginning of the fiscal year ended March 31, 2017 (Millions of yen)	Average interest rate (%)	Maturity
Short-term loans payable	12,379	15,069	1.5	-
Current portion of long-term loans payable	14,155	299	1.5	-
Current portion of lease obligations	1,820	989	2.6	-
Long-term loans payable (excluding current portion)	540	240	1.4	2018 to 2024
Lease obligations (excluding current portion)	1,317	1,018	3.2	2018 to 2031
Other interest-bearing debt				
Other (Deposits received from employees - current liabilities)	3,906	3,679	0.5	-
Other (Deposits received - current liabilities)	1,200	2,017	0.1	-
Other (Guarantee deposits received - non-current liabilities)	4,723	3,008	0.0	-
Total	40,043	26,322	-	-

(Notes) 1. The average interest rate represents the weighted-average rate applicable to the year-end balance of loans payable.

2. The following table shows the aggregate annual maturities of long-term loans payable and lease obligations (excluding the current portion) within five years after the consolidated balance sheet date.

(Millions of yen)

	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years
Long-term loans payable	148	90	0	0
Lease obligations	395	315	130	34

Schedule of asset retirement obligations

In accordance with Article 92-2 of the Ordinance on Consolidated Financial Statements, the schedule of asset retirement obligations is not provided because the amounts of asset retirement obligations at the beginning and the end of the current fiscal year were one percent or less of the amounts of total liabilities and net assets at the beginning and the end of the current fiscal year.

(2) Other

Quarterly financial information and others for the current fiscal year

(Cumulative period)	First quarter (Three months ended June 30, 2016)	Second quarter (Six months ended September 30, 2016)	Third quarter (Nine months ended December 31, 2016)	Full year (Fiscal year ended March 31, 2017)
Net sales (Millions of yen)	428,732	864,872	1,341,771	1,906,632
Profit (loss) before income taxes (Millions of yen)	(123,078)	(195,333)	(184,157)	(158,738)
Profit (loss) attributable to owners of parent (Millions of yen)	(129,724)	(219,595)	(213,307)	(198,524)
Basic earnings(loss) per share (Yen)	(131.91)	(223.29)	(190.81)	(164.11)

(Each quarter)	First quarter (from April 1, 2016 to June 30, 2016)	Second quarter (from July 1, 2016 to September 30, 2016)	Third quarter (from October 1, 2016 to December 31, 2016)	Fourth Quarter (from January 1, 2017 to March 31, 2017)
Basic earnings (loss) per share (Yen)	(131.91)	(91.38)	32.48	26.70

2. Non-consolidated financial statements

(1) Non-consolidated financial statements

(a) Non-consolidated balance sheet

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	164,893	346,863
Notes receivable -trade	1	15
Accounts receivable - trade	(*) 198,696	(*) 192,155
Finished goods	29,156	21,532
Work in process	15,476	16,098
Raw materials and supplies	14,036	12,314
Prepaid expenses	789	925
Short-term loans receivable	(*) 5,619	(*) 2,980
Deferred tax assets	10,497	4,104
Accounts receivable - other	(*) 55,374	(*) 55,959
Other	(*) 21,766	(*) 12,068
Allowance for doubtful accounts	(923)	(13,614)
Total current assets	515,386	651,403
Non-current assets		
Property, plant and equipment		
Buildings	(*) 37,350	(*) 35,570
Structures	(*) 7,173	(*) 6,248
Machinery and equipment	(*) 48,381	(*) 34,194
Vehicles	(*) 1,466	(*) 1,545
Tools, furniture and fixtures	(*) 28,218	(*) 18,436
Land	(*) 48,799	47,783
Construction in progress	10,035	14,626
Total property, plant and equipment	181,425	158,404
Intangible assets		
Intangible assets	13,322	20,335
Total intangible assets	13,322	20,335
Investments and other assets		
Investment securities	(*) 21,128	(*) 24,934
Shares of subsidiaries and associates	167,805	168,295
Long-term loans receivable	(*) 3,136	(*) 17,601
Investments in capital of subsidiaries and associates	20,795	16,557
Lease and guarantee deposits	(*) 5,913	(*) 5,936
Long-term prepaid expenses	6,054	5,462
Other	5,132	5,233
Allowance for doubtful accounts	(1,314)	(1,156)
Total investments and other assets	228,652	242,864
Total non-current assets	423,400	421,604
Total assets	938,787	1,073,008

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes payable -trade	2,200	841
Electronically recorded obligations - operating (*)	27,838	21,393
Accounts payable - trade (*)	272,069	315,398
Short-term loans payable (*)	10,000	20,000
Lease obligations	1,618	839
Accounts payable – other (*)	45,779	61,850
Income taxes payable	20	862
Accrued expenses (*)	3,762	3,362
Deposits received (*)	11,580	10,236
Provision for product warranties	17,792	22,349
Provision for losses relating to fuel consumption testing	20,567	28,169
Other	29,858	22,397
Total current liabilities	443,088	507,700
Non-current liabilities		
Lease obligations	793	628
Guarantee deposits received (*)	3,728	1,800
Provision for retirement benefits	529	2,196
Long-term accounts payable - other	3,740	684
Deferred tax liabilities	5,875	8,632
Asset retirement obligations	3,601	3,683
Other	7,244	7,253
Total non-current liabilities	25,513	24,880
Total liabilities	468,602	532,580
Net assets		
Shareholders' equity		
Capital stock	165,701	284,382
Capital surplus		
Capital reserve	–	118,680
Other capital surplus	85,257	85,257
Total capital surplus	85,257	203,938
Retained earnings		
Legal retained earnings	4,818	6,097
Other retained earnings		
Retained earnings brought forward	210,238	38,787
Total retained earnings	215,057	44,885
Treasury shares	(220)	(220)
Total shareholders' equity	465,796	532,985
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,387	7,442
Total valuation and translation adjustments	4,387	7,442
Total net assets	470,184	540,427
Total liabilities and net assets	938,787	1,073,008

(b) Non-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	(*)	1,806,047	(*)	1,567,436
Cost of sales	(*)	1,563,340	(*)	1,442,311
Gross profit		242,706		125,124
Selling, general and administrative expenses				
Advertising and promotion expenses		28,905		29,862
Haulage expenses		50,583		41,436
Provision of allowance for doubtful accounts		212		(266)
Directors' compensations, salaries and allowances		25,244		26,388
Provision for retirement benefits		1,469		1,081
Depreciation		5,102		6,194
Research and development expenses		45,012		57,679
Other		24,715		27,434
Total selling, general and administrative expenses		181,245		189,810
Operating profit (loss)		61,461		(64,685)
Non-operating income				
Interest and dividends income	(*)	58,184	(*)	123,946
Other		612		310
Total non-operating income		58,797		124,256
Non-operating expenses				
Interest expenses	(*)	515	(*)	1,140
Foreign exchange loss		15,083		14,208
Other		1,974		3,701
Total non-operating expenses		17,573		19,049
Ordinary profit (loss)		102,685		40,521
Extraordinary income				
Gain on sales of non-current assets	(*)	884	(*)	301
Gain on sales of investment securities		—		1,606
Compensation income for expropriation		—		1,403
Gain on sales of investments in capital of subsidiaries and affiliates	(*)	768	(*)	224
Other	(*)	1,134	(*)	2,303
Total extraordinary income		2,788		5,839
Extraordinary losses				
Loss on retirement of non-current assets		2,214		1,441
Losses relating to fuel consumption testing	(*)	19,126	(*),(*)	167,195
Loss on valuation of investments in capital of subsidiaries and affiliates		—		4,479
Loss on valuation of subsidiaries and affiliates' stocks		24,653		501
Other	(*)	1,531	(*)	13,515
Total extraordinary losses		47,525		187,132
Profit (loss) before income taxes		57,947		(140,771)
Income taxes – current		6,367		8,794
Income taxes – deferred		9,307		7,822
Profit (loss)		42,272		(157,387)

(c) Non-consolidated statement of changes in net assets

(Millions of yen)

For the fiscal year ended March 31, 2016	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings			Treasury shares	Total sharehold ers' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of current period	165,701	—	85,257	85,257	3,196	185,815	189,011	(220)	439,750
Changes of items during period									
Issuance of new shares									
Dividends of surplus					1,622	(17,849)	(16,226)		(16,226)
Profit (loss)						42,272	42,272		42,272
Purchase of treasury shares								(0)	(0)
Net changes of items other than shareholders' equity									
Total changes of items during period	—	—	—	—	1,622	24,423	26,045	(0)	26,045
Balance at end of current period	165,701	—	85,257	85,257	4,818	210,238	215,057	(220)	465,796

For the fiscal year ended March 31, 2016	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	7,708	7,708	447,458
Changes of items during period			
Issuance of new shares			—
Dividends of surplus			(16,226)
Profit (loss)			42,272
Purchase of treasury shares			(0)
Net changes of items other than shareholders' equity	(3,320)	(3,320)	(3,320)
Total changes of items during period	(3,320)	(3,320)	22,725
Balance at end of current period	4,387	4,387	470,184

(Millions of yen)

For the fiscal year ended March 31, 2017	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings			Treasury shares	Total share- holders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of current period	165,701	—	85,257	85,257	4,818	210,238	215,057	(220)	465,796
Changes of items during period									
Issuance of new shares	118,680	118,680		118,680					237,361
Dividends of surplus					1,278	(14,063)	(12,784)		(12,784)
Profit (loss)						(157,387)	(157,387)		(157,387)
Purchase of treasury shares								(0)	(0)
Net changes of items other than shareholders' equity									
Total changes of items during period	118,680	118,680	—	118,680	1,278	(171,450)	(170,172)	(0)	67,189
Balance at end of current period	284,382	118,680	85,257	203,938	6,097	38,787	44,885	(220)	532,985

For the fiscal year ended March 31, 2017	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	4,387	4,387	470,184
Changes of items during period			
Issuance of new shares			237,361
Dividends of surplus			(12,784)
Profit (loss)			(157,387)
Purchase of treasury shares			(0)
Net changes of items other than shareholders' equity	3,054	3,054	3,054
Total changes of items during period	3,054	3,054	70,243
Balance at end of current period	7,442	7,442	540,427

Notes

Significant Accounting Policy

1. Valuation bases and methods of assets

(1) Valuation bases and methods of securities

Subsidiaries and associates' stocks:

Stated at cost determined by the moving average method.

Available-for-sale securities:

Available-for-sale securities with a readily determinable market value:

Stated at fair value based on the market price on the balance sheet date and the cost of securities sold is computed based on the moving average method. The difference between the acquisition cost and the carrying value of available-for-sale securities, including unrealized gains and losses, is recognized in valuation difference on available-for-sale securities in the accompanying non-consolidated balance sheet.

Available-for-sale securities without a readily determinable market value:

Stated at cost determined by the moving average method.

(2) Valuation bases and methods of derivative financial instruments

Market price method

(3) Valuation bases and methods of inventories

Finished goods and work in process

Principally stated at cost determined by the first in first out method (the balance sheet carrying value is reduced to recognize any deterioration of recoverability)

Raw materials and supplies

Stated at cost determined by the gross average method (the balance sheet carrying value is reduced to recognize any deterioration of recoverability)

2. Depreciation and amortization method for non-current assets

(1) Property, plant and equipment (excluding leased assets)

Depreciation of property, plant and equipment is calculated using the declining balance method (however, the straight line method is applied to buildings (excluding building improvements) acquired on or after April 1, 1998). The useful lives of the assets are based on the estimated lives of assets for MMC. The main useful lives of assets are as follows.

Buildings and structures	3 to 60 years
Machinery, equipment and vehicles	3 to 17 years
Tools, furniture and fixtures	2 to 20 years

Low value depreciable assets

Assets for which the acquisition cost is equal to or more than 100,000 yen and less than 200,000 yen are depreciated in even amounts over three years pursuant to the provisions of the Corporation Tax Act.

(2) Intangible assets (excluding leased assets)

Intangible assets are amortized using the straight line method. Software intended for use by MMC is amortized using the straight line method over the period for which each asset is available for use (5 years).

(3) 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.

(4) Long-term prepaid expenses

Long-term prepaid expenses are amortized using the straight line method over a fixed period.

3. Allowances and provisions

(1) Allowance for doubtful accounts

To prepare for losses from bad debts for trade receivables, loans, etc., allowance for doubtful accounts is provided based on the historical default rate for ordinary receivables, and taking into account individual collectability for specific receivables such as doubtful receivables. An estimate of the amount of specific uncollectible accounts is calculated.

(2) Provision for product warranties

The provision for product warranties is calculated after taking into account, according to the warranty agreements, future warranty forecasts based on past results in order to provide for the products' after-service costs.

(3) Provision for losses relating to fuel consumption testing

To provide for losses relating to fuel consumption testing, provision is calculated to the extent that can be reasonably projected and estimated at the end of the fiscal year.

(4) Provision for retirement benefits

To prepare for the payment of retirement benefits to employees, provision for retirement benefits for employees are calculated based on the retirement benefits obligation estimated at the end of the fiscal year.

Prior service cost is being amortized using the straight line method over a fixed number of years (10 years) within the estimated average remaining service years of the employees.

Actuarial gains and losses are being amortized using the straight line method over a fixed number of years (10 years) within the estimated average remaining service years of the employees.

When calculating retirement benefits obligation, the benefit calculation formula standard was used for attributing the expected defined net benefits to the period until this fiscal year.

4. Hedge accounting

Forward foreign exchange contracts:

Deferral hedge accounting (those with forecast transactions)

5. Accounting for consumption taxes

Consumption tax is accounted for by tax-exclusion method.

6. Application of consolidated taxation system

The consolidated taxation system is applied.

Additional information

(Application of ASBJ Guidance on Recoverability of Deferred Tax Assets)

Effective from this fiscal year, MMC applied the “Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016).

Non-consolidated balance sheet

(*1) Assets pledged as collateral and liabilities secured by the collateral are as follows:

Assets pledged as collateral

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (As of March 31, 2016)	For the fiscal year ended March 31, 2017 (As of March 31, 2017)
Buildings (Note 1)	13,416	—
Land (Note 1)	985	—
Accounts receivable - other (Note 2)	1,292	1,247
Investment securities (Note 3)	46	46
Total	15,741	1,293

(Note 1) MMC provided collateral in respect of 10,000 million yen of the borrowings of Mitsubishi Motors (Thailand) Co., Ltd. (one of its subsidiaries) from financial institutions.

(Note 2) Accounts receivable - other was pledged based on a liability in a term lease contract relating to a building with Murata Medical Services, Ltd.

(Note 3) MMC provided collateral for the borrowings of Mizushima Eco-works Co., Ltd.

MMC has no obligations for such collateral.

(*2) Monetary receivables from and payables to subsidiaries and associates (except for those separately disclosed)

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (As of March 31, 2016)	For the fiscal year ended March 31, 2017 (As of March 31, 2017)
Short-term monetary receivables	84,689	92,682
Long-term monetary receivables	5,281	17,600
Short-term monetary payables	84,670	106,718
Long-term monetary payables	599	428

(*3) Guarantee obligation

(Millions of yen)			
For the fiscal year ended March 31, 2016 (As of March 31, 2016)		For the fiscal year ended March 31, 2017 (As of March 31, 2017)	
Guarantee	Guaranteed amount	Guarantee	Guaranteed amount
Mitsubishi Motors (Thailand) Co., Ltd.	13,828	Mitsubishi Motors (Thailand) Co., Ltd.	—
PT. Mitsubishi Motors Krama Yudha Sales Indonesia	—	PT. Mitsubishi Motors Krama Yudha Sales Indonesia	9,739
PCMA Rus, LLC	5,529	PCMA Rus, LLC	2,705
Mitsubishi Motors North America, Inc.	94	Mitsubishi Motors North America, Inc.	—
Employees	628	Employees	541
Total	20,080	Total	12,987

(*4) Accumulated depreciation of property, plant and equipment is as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (As of March 31, 2016)	For the fiscal year ended March 31, 2017 (As of March 31, 2017)
Accumulated depreciation of property, plant and equipment	630,542	613,938

Non-consolidated statement of income

(*1) Transactions with subsidiaries and associates are as follows:

	For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Operating transactions:		
Sales	711,880	746,816
Purchase	583,653	558,582
Non-operating transactions	61,410	205,491

(*2) Losses relating to fuel consumption testing

For the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

Losses relating to fuel consumption testing include return of money related to tax credit on eco-friendly cars related to fuel consumption test and a part of payments to customers.

For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

Losses relating to fuel consumption testing include payments to customers, Nissan Motor Co., Ltd. and suppliers affected by the fuel consumption test and impairment loss of non-current assets of Mizushima Plant.

Securities

Stocks of subsidiaries and associates (amounts on the balance sheet for the fiscal year ended March 31, 2017 are 152,335 million yen in stocks of subsidiaries and 15,960 million yen in stocks of associates and amounts for the fiscal year ended March 31, 2016 are 152,940 million yen in stocks of subsidiaries and 14,864 million yen in stocks of associates) do not have market values, and as it has been deemed difficult to measure their fair values, these have been omitted.

Tax-effect accounting

1. Significant components of deferred tax assets and liabilities

	(Millions of yen)	
	For the fiscal year ended March 31, 2016 (As of March 31, 2016)	For the fiscal year ended March 31, 2017 (As of March 31, 2017)
Deferred tax assets:		
Net operating losses carried forward	164,852	206,434
Allowance for doubtful accounts	680	4,505
Accrued retirement benefits	22,958	22,325
Loss on valuation of subsidiaries and affiliates' stocks	111,095	111,208
Accounts payable - trade (warranty construction cost)	16,772	32,833
Provision for product warranties	5,423	6,790
Provision for loss on fuel consumption test	4,752	8,416
Other	17,153	27,656
Subtotal	343,688	420,171
Less valuation allowance	(331,563)	(416,066)
Total deferred tax assets	12,124	4,105
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(1,909)	(3,236)
Other	(5,593)	(5,396)
Total deferred tax liabilities	(7,503)	(8,633)
Net deferred tax assets	4,621	(4,527)

2. The reconciliation of significant differences between the effective statutory tax rate and effective income tax rate after application of tax-effect accounting

	For the fiscal year ended March 31, 2016 (As of March 31, 2016)	For the fiscal year ended March 31, 2017 (As of March 31, 2017)
Effective statutory tax rate	32.7%	
Reconciliations:		
Non-deductible items (entertainment expenses, etc.)	3.1	This information is omitted because MMC resulted in Loss before income taxes.
Non-taxable items (dividends income)	(30.5)	
Foreign withholding taxes	12.5	
Change in valuation allowance	9.3	
Actual effective income tax rate after application of tax-effect accounting	27.1	

3. Amendments of amounts of deferred tax assets and liabilities due to changes in income tax rates

The "Act for Partial Amendment of the Act for Partial Amendment of the Consumption Tax Act and Others to Make Fundamental Reform of the Taxation System for Securing Stable Financial Resources for Social Security, etc." (Act No. 85 of 2016) and the "Act for Partial Amendment of the Act for Partial Amendment of the Local Tax Act and the Local Allocation Tax Act to Make Fundamental Reform of the Taxation System for Securing Stable Financial Resources for Social Security, etc." (Act No. 86 of 2016) were enacted in the Diet on November 18, 2016. The increase in consumption tax rate to 10% was postponed from April 1, 2017, to October 1, 2019. Accordingly, the implementation of the abolishment of the special local corporation tax and concurrent restoration of the corporation business tax, revision of the local corporation tax rate, and revision of the corporate inhabitant tax rate were postponed from the fiscal year starting on or after April 1, 2017, to the fiscal year starting on or after October 1, 2019. The effect of the change is immaterial.

Business combinations, etc.

Not applicable.

Subsequent events after reporting period

Refer to page 110 of Consolidated Financial Statements.

(d) Non-consolidated supplementary schedules

Detailed schedule of fixed assets

(Millions of yen)

Type of assets		Balance at beginning of current period	Increase in current period	Decrease in current period	Balance at end of current period	Accumulated depreciation or amortization at end of current period	Depreciation or amortization for current period	Carrying amount at end of current period
Property, plant and equipment	Buildings	137,922	5,036	5,552 (4,059)	137,407	101,836	2,590	35,570
	Structures	36,879	1,107	1,854 (1,210)	36,131	29,883	716	6,248
	Machinery and equipment	390,133	7,034	(*3) 30,558 (13,088)	366,609	332,414	7,788	34,194
	Vehicles	5,233	851	468 (72)	5,615	4,070	545	1,545
	Tools, furniture and fixtures	182,964	8,967	(*4) 27,762 (9,066)	164,169	145,733	9,055	18,436
	Land	48,799	—	1,016 (276)	47,783	—	—	47,783
	Construction in progress	10,035	(*1) 23,378	18,787	14,626	—	—	14,626
Total property, plant and equipment		811,968	46,375	86,000 (27,773)	772,343	613,938	20,697	158,404
Intangible assets	Patent right	83	18	53	48	17	6	31
	Software	17,291	9,885	2,330 (432)	24,845	10,685	3,430	14,160
	Other	5,240	(*2) 10,918	9,950 (12)	6,207	64	24	6,142
Total intangible assets		22,614	20,822	12,334 (444)	31,102	10,767	3,460	20,335

(Notes) 1. The figures in parentheses in the “Decrease in current period” column represent the amounts of impairment loss included.

2. Major changes during the current period are as follows:

(*1) Major increases in construction in progress

Passenger car production facilities 5,926 million yen
Minicar production facilities 2,070 million yen
Engine production facilities 2,898 million yen
Research and development facilities 8,566 million yen

(*2) Major increases in Intangible assets

Passenger car production facilities 16 million yen
Engine production facilities 103million yen
Research and development facilities 176million yen
Development of systems 10,623million yen

(*3) Major decreases in Machinery and equipment

Passenger car production facilities 1,600 million yen
Minicar production facilities 13,480 million yen
Engine production facilities 11,751 million yen
Research and development facilities 1,108 million yen

(*4) Major decreases in Tools, furniture and fixtures

Passenger car production facilities 7,438million yen
Minicar production facilities 11,913 million yen
Engine production facilities 965 million yen
Research and development facilities 671 million yen

Detailed schedule of allowances

(Millions of yen)

Account	Balance at beginning of current period	Increase in current period	Decrease in current period	Balance at end of current period
Allowance for doubtful accounts	2,237	12,807	274	14,770
Provision for product warranties	17,792	11,851	7,294	22,349
Provision for losses relating to fuel consumption testing	20,567	136,587	128,985	28,169

(2) Details of major assets and liabilities

This information is omitted because MMC prepares consolidated financial statements.

(3) Other

1) Information after the balance sheet date

There are no noteworthy matters to report.

2) Significant lawsuits, etc.

There are no noteworthy matters to report.

VI. Overview of Operational Procedures for Shares

Fiscal year	From April 1 to March 31 of the following year
Ordinary General Meeting of Shareholders	June of each year
Record date	March 31
Record dates for dividends of surplus	September 30 and March 31
Number of shares per unit	100 shares
Purchases of shares less than one unit	
Address where handling office	(Special account) 1-4-5, Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division
Administrator of shareholders register administrator	(Special account) 1-4-5, Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Forwarding office	-
Charges for purchases	Amount specifically determined as brokerage fees for the purchase and sale of shares
A method of public notice	Public notices are published electronically. In case the method of electronic public notice is not available due to any troubles or unavoidable circumstances, such a notice will be given by Nihon Keizai Shimbun published in Tokyo. [MMC's Website Address for Public Notices] (http://www.mitsubishi-motors.com/jp/corporate/ir/stockinfo/koukoku.html)
Special benefits to shareholders	Not applicable

(Note) According to the MMC's Articles of Incorporation, shareholders of shares less than one unit shall not be entitled to exercise the rights of shareholders in connection with such shares less than one unit other than those rights listed below:

- (1) The rights stipulated in each item of Article 189, paragraph 2 of the Companies Act
- (2) The rights to request an acquisition of shares with put option
- (3) The rights to receive an allotment of shares for subscription or share options for subscription

VII. Reference Information of Reporting Company

1. Information about parent company, etc. of reporting company

MMC has no parent company, etc. as prescribed in Article 24-7, paragraph 1 of the Financial Instruments and Exchange Act.

2. Other reference information

MMC filed the following documents between the beginning of the current fiscal year and the date when this Annual Securities Report was filed.

(1) Annual Securities Report and Accompanying Documents and Confirmation Letter

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

Submitted to the Director-General of the Kanto Local Finance Bureau on June 24, 2016

(2) Amended Annual Securities Report and Confirmation Letter

Submitted to the Director-General of the Kanto Local Finance Bureau on March 29, 2017

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(3) Internal Control Report and Accompanying Documents

Submitted to the Director-General of the Kanto Local Finance Bureau on June 24, 2016

(4) Quarterly Securities Reports and Confirmation Letter

First Quarter of FY2016 (from April 1, 2016 to June 30, 2016)

Submitted to the Director-General of the Kanto Local Finance Bureau on August 12, 2016

Second Quarter of FY2016 (from July 1, 2016 to September 30, 2016)

Submitted to the Director-General of the Kanto Local Finance Bureau on November 10, 2016

Third Quarter of FY2016 (from October 1, 2016 to December 31, 2016)

Submitted to the Director-General of the Kanto Local Finance Bureau on February 13, 2017

(5) Amended Quarterly Securities Reports and Confirmation Letter

First Quarter of FY2016 (from April 1, 2016 to June 30, 2016)

Submitted to the Director-General of the Kanto Local Finance Bureau on March 29, 2017

Second Quarter of FY2016 (from July 1, 2016 to September 30, 2016)

Submitted to the Director-General of the Kanto Local Finance Bureau on March 29, 2017

Third Quarter of FY2016 (from October 1, 2016 to December 31, 2016)

Submitted to the Director-General of the Kanto Local Finance Bureau on March 29, 2017

(6) Extraordinary Report

Submitted to the Director-General of the Kanto Local Finance Bureau on June 28, 2016.

The Extraordinary Report according to the provision of Article 24-5, paragraph 4 of the Financial Instruments and Exchange Act and Article 19, paragraph 2, item 9-2 (results of exercise of voting rights at the general meetings of shareholders) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs.

Submitted to the Director-General of the Kanto Local Finance Bureau on October 21, 2016

The Extraordinary Report according to the provision of Article 24-5, paragraph 4 of the Financial Instruments and Exchange Act and Article 19, paragraph 2, item 19 (change of major shareholder) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs.

Submitted to the Director-General of the Kanto Local Finance Bureau on October 21, 2016

The Extraordinary Report according to the provision of Article 24-5, paragraph 4 of the Financial Instruments and Exchange Act and Article 19, paragraph 2, item 12 (change of representative director) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs.

Submitted to the Director-General of the Kanto Local Finance Bureau on December 16, 2016

The Extraordinary Report according to the provision of Article 24-5, paragraph 4 of the Financial Instruments and Exchange Act and Article 19, paragraph 2, item 12 and 19 (results of exercise of voting rights at the general meetings of shareholders) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs.

Submitted to the Director-General of the Kanto Local Finance Bureau on March 16, 2017

The Extraordinary Report according to the provision of Article 24-5, paragraph 4 of the Financial Instruments and Exchange Act and Article 19, paragraph 2, item 12 (events giving significant impact on financial position, operating results and conditions of cash flow) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs.

(7) Annual Securities Report (Issuance of stock acquisition rights) and Accompanying Documents

Submitted to the Director-General of the Kanto Local Finance Bureau on April 24, 2017

(8) Amended Annual Securities Registration statement

Submitted to the Director-General of the Kanto Local Finance Bureau on May 9, 2017

Amended Annual Securities Registration statement submitted to the Director-General of the Kanto Local Finance Bureau on April 24, 2017

Submitted to the Director-General of the Kanto Local Finance Bureau on June 23, 2017

Amended Annual Securities Registration statement submitted to the Director-General of the Kanto Local Finance Bureau on April 24, 2017.

B. Information on guarantors for the Company

Not applicable.

Independent Auditors' Audit Report and Internal Control Audit Report
(English Translation)

June 23, 2017

The Board of Directors

MITSUBISHI MOTORS CORPORATION

Ernst & Young ShinNihon LLC

Mitsuo Sakamoto
Designated and Engagement Partner
Certified Public Accountant

Yoji Murohashi
Designated and Engagement Partner
Certified Public Accountant

Tomohiro Mizuno
Designated and Engagement Partner
Certified Public Accountant

Chihiro Yasunaga
Designated and Engagement Partner
Certified Public Accountant

<Financial statements audit>

We have audited, pursuant to the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act of Japan, the consolidated financial statements included in "Financial Information," which consist of the consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets, consolidated statement of cash flows, material basis of the preparation of consolidated financial statements and other notes, and consolidated supplementary schedules of MITSUBISHI MOTORS CORPORATION (hereinafter referred to as the "Company") for the fiscal year ended March 31, 2017 (April 1, 2016 through March 31, 2017).

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles for consolidated financial statements 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 the 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 independently based on our audit. We conducted our audit in accordance with the 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 the Company and its consolidated subsidiaries as of March 31, 2017, and their consolidated financial performance and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in Japan.

<Internal control audit>

We also have audited, pursuant to the provisions of Article 193-2, paragraph (2) of the Financial Instruments and Exchange Act of Japan, the internal control report as of March 31, 2017 of the Company.

Management's Responsibility for the Internal Control Report

Management is responsible for designing and operating internal control over financial reporting, and for the preparation and fair presentation of the internal control report in accordance with standards for assessment of internal control over financial reporting generally accepted in Japan.

Internal control over financial reporting may not prevent or detect misstatements.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal control report independently based on our internal control audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the internal control report is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the result of the assessment on internal control over financial reporting in the internal control report. The procedures selected depend on the auditor's judgment, including the materiality of effect on the reliability of financial reporting. An internal control audit also includes evaluating the overall presentation of the internal control report, including disclosures on scope, procedures and conclusions of management's assessment of internal control over financial reporting.

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 internal control report referred to above, which represents that the internal control over financial reporting as of March 31, 2017 of the Company is effective due to there being material defects that should be disclosed present fairly, in all material respects, the result of management's assessment on internal control over financial reporting in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan.

Conflict of Interest

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountant Act of Japan.

(Notes) 1. The English translation has no legal force and is provided for convenience only.

2. The document presented above is a digitized copy of the original version of the Independent Auditors' Audit Report and Internal Control Audit Report. The original report is kept separately by the Company (the filing company of the Annual Securities Report).

3. XBRL data is not included in the scope of audit.

Independent Auditors' Audit Report
(English Translation)

June 23, 2017

The Board of Directors

MITSUBISHI MOTORS CORPORATION

Ernst & Young ShinNihon LLC

Mitsuo Sakamoto
Designated and Engagement Partner
Certified Public Accountant

Yoji Murohashi
Designated and Engagement Partner
Certified Public Accountant

Tomohiro Mizuno
Designated and Engagement Partner
Certified Public Accountant

Chihiro Yasunaga
Designated and Engagement Partner
Certified Public Accountant

We have audited, pursuant to the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act of Japan, the non-consolidated financial statements included in "Financial Information," which consist of the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, significant accounting policy and other notes, and non-consolidated supplementary schedules of MITSUBISHI MOTORS CORPORATION (hereinafter referred to as the "Company") for the fiscal year ended March 31, 2017 (April 1, 2016 through March 31, 2017).

Management's Responsibility for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles for non-consolidated financial statements 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 the non-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 non-consolidated financial statements independently based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. The purpose of an audit of the non-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 non-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 non-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 non-consolidated financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of the Company as of March 31, 2017, and its financial performance for the fiscal year then ended in conformity with accounting principles generally accepted in Japan.

Conflict of Interest

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountant Act of Japan.

(Notes) 1. The English translation has no legal force and is provided for convenience only.

2. The document presented above is a digitized copy of the original version of the Independent Auditors' Audit Report. The original report is kept separately by the Company (the filing company of the Annual Securities Report).

3. XBRL data is not included in the scope of audit.

[Cover page]

Document title:	Internal Control Report (“ <i>Naibutousei-Houkokusho</i> ”)
Clause of stipulation:	Article 24-4-4, paragraph 1 of the Financial Instruments and Exchange Act
Place of filing:	Director-General of the Kanto Local Finance Bureau
Filing date:	June 23, 2017
Company name:	三菱自動車工業株式会社 (<i>Mitsubishi Jidosha Kogyo Kabushiki Kaisha</i>)
Company name in English:	MITSUBISHI MOTORS CORPORATION
Title and name of representative:	Osamu Masuko, Member of the Board and CEO
Title and name of chief financial officer:	Koji Ikeya, Member of the Board and Executive Vice President, CFO
Address of registered headquarter:	5-33-8, Shiba, Minato-ku, Tokyo, Japan
Place for public inspection:	Tokyo Stock Exchange, Inc. 2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan

1. Basic framework of internal control over financial reporting

Osamu Masuko, Member of the Board and CEO, has the responsibility for the design and operation of internal control over financial reporting of MITSUBISHI MOTORS CORPORATION (the “Company”) and manages the design and operation of such internal control in accordance with the basic framework set forth in the document “On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)” published by the Business Accounting Council.

Internal control aims at achieving its objectives to a reasonable extent given that all individual components of internal control are effectively integrated, and function as a whole. Thus, it is possible that internal control over financial reporting may not be able to completely prevent or detect false statements in financial reporting.

2. Scope of assessment, assessment date and assessment procedure

Assessment of internal control over financial reporting was performed as of March 31, 2017 (i.e., the closing date of the current fiscal year) in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In this assessment, evaluation was first made of company-level control which would have a material impact on the reliability of financial reporting on a consolidated basis, and based on such result, business processes to be assessed were then selected. In the business process-level control assessment, the effectiveness of internal control was assessed by analyzing the business processes in scope, identifying key controls that would have a material impact on the reliability of the financial reporting, and evaluating the designs and operations of these key controls.

The scope of internal control assessment for financial reporting was determined by selecting the Company, consolidated subsidiaries and entities accounted for using equity method based on the materiality of their impacts on the reliability of financial reporting. The materiality of the impacts on the reliability of financial reporting was determined in consideration of both financial and qualitative aspects, and the scope of assessment of process-level control was reasonably determined based on the result of the company-level control assessment, which included the Company, 17 consolidated subsidiaries, and two entities accounted for using equity method. Also, 18 consolidated subsidiaries and 18 entities accounted for using equity method were determined to be of minimal financial and qualitative materiality and were not included in the scope of evaluation of company-level control.

For the purpose of determining the scope of process-level control assessment, net sales (after elimination of intercompany transaction) of each business site for the previous fiscal year were totaled in order starting from the business site that had the highest net sales amount, and the six business sites that contributed approximately two-thirds of the Company’s consolidated net sales in the previous fiscal year were designated as significant business sites. In selected significant business sites, all business processes related to the accounts that are closely associated with the Company’s business objectives, such as net sales, accounts receivable - trade, and inventories were included in the scope of assessment. Furthermore, not only at the selected significant business sites, but also at other business sites, certain other business processes with a high probability of there being major false statements which are related to significant accounts involving estimates and forecasts, or related to businesses or operations dealing with high-risk transactions were added to the scope of assessment as “business processes having greater materiality,” taking into account their impacts on financial reporting.

3. Assessment result

Based on the above mentioned assessment results, it was concluded that the internal control over financial reporting at the end of the current fiscal year was effective.

4. Supplementary information

Not applicable.

5. Special affairs

Not applicable.

[Cover page]

Document title:	Confirmation Letter (“ <i>Kakuninsho</i> ”)
Clause of stipulation:	Article 24-4-2, paragraph 1 of the Financial Instruments and Exchange Act
Place of filing:	Director-General of the Kanto Local Finance Bureau
Filing date:	June 23, 2017
Company name:	三菱自動車工業株式会社 (<i>Mitsubishi Jidosha Kogyo Kabushiki Kaisha</i>)
Company name in English:	MITSUBISHI MOTORS CORPORATION
Title and name of representative:	Osamu Masuko, Member of the Board and CEO
Title and name of chief financial officer:	Koji Ikeya, Member of the Board and Executive Vice President, CFO
Address of registered headquarter:	5-33-8, Shiba, Minato-ku, Tokyo, Japan
Place for public inspection:	Tokyo Stock Exchange, Inc. 2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan

1. Appropriateness of the descriptions in this Annual Securities Report

Osamu Masuko, Member of the Board and CEO, and Koji Ikeya, Chief Financial Officer of MITSUBISHI MOTORS CORPORATION, have confirmed that this annual securities report for the full-year FY2016 (April 1, 2016 through March 31, 2017) is reasonably and fairly stated in accordance with the Financial Instruments and Exchange Act and related regulations.

2. Special notes

There are no noteworthy matters that are pertinent to this annual securities report.