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(Securities code: 7211)

June 3, 2019

**To our shareholders**

3-1-21, Shibaura, Minato-ku, Tokyo  
**MITSUBISHI MOTORS CORPORATION**  
Chairman of the Board, CEO Osamu Masuko

## **NOTICE OF THE 50TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 50th Ordinary General Meeting of Shareholders of Mitsubishi Motors Corporation (“MMC”) to be held as described as below.

If you are unable to attend, as described in the “Notice on Exercising Voting Rights” (P. 3 and P. 4), you may exercise your voting right(s) in writing or via the Internet. To do so, please review the “Reference Materials” for the Ordinary General Meeting of Shareholders contained in this notice, and exercise your voting right(s) either by posting your voting form so that it arrives before 5:45 p.m. on Thursday, June 20, 2019 or inputting your vote on the website for exercising voting right(s) before the aforementioned date and time.

1. **Date and time** Friday, June 21, 2019 at 10:00 a.m. (Japan time)
2. **Place** 3-3-1 Shibakoen, Minato-ku, Tokyo  
Ho-O-No-Ma, 2F, Tokyo Prince Hotel  
(Please note that the place for this Ordinary General Meeting of Shareholders differs from the one for the previous meeting.)
3. **Purposes**  
**Matters to report**
  1. Contents of Fiscal 2018 (from April 1, 2018 to March 31, 2019) Business Report, contents of Consolidated Financial Statements and Audit Reports of Accounting Auditors and Audit & Supervisory Board on the Consolidated Financial Statements
  2. Report on the Fiscal 2018 (from April 1, 2018 to March 31, 2019) Financial Statements**Matters for resolution**
  - Proposal No. 1 Appropriation of surplus
  - Proposal No. 2 Partial amendments to the Articles of Incorporation
  - Proposal No. 3 Election of 15 Members of the Board
4. **Notice on Exercising Voting Rights**  
Please refer to the “Notice on Exercising Voting Rights” described on P. 3 and P. 4.

### **Matters Regarding Disclosure on the Internet**

- If it becomes necessary to amend any items contained in the reference materials for the Ordinary General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Financial Statements, the amended material will be posted on MMC's website.
- The below-mentioned documents are not included in this Notice of Ordinary General Meeting of Shareholders, but are posted on MMC's website pursuant to laws and regulations and Article 13 of MMC's Articles of Incorporation. Documents which were audited by the Audit & Supervisory Board Member and the Accounting Auditors in preparing the Audit Reports include the documents attached to this notice and the below-mentioned documents.
  - (a) "Share acquisition rights of MMC," "Accounting Auditors" and "System to ensure appropriate business activities and outline of the operating status of such systems" of Business Report
  - (b) Consolidated Statement of Changes in Net Assets and Notes to Consolidated Financial Statements
  - (c) Statement of Changes in Net Assets and Notes to Financial Statements

MMC's website (<https://www.mitsubishi-motors.com/en/investors/stockinfo/meeting.html>)

### **Internet Broadcast**

- MMC will broadcast the General Meeting of Shareholders live on the Internet from 10:00 a.m. on the day of the meeting. Please view the broadcast by accessing MMC's video streaming website.
  - The live broadcast will end just before the session of questions from shareholders and answers.
  - The meeting will be filmed from the back of the meeting venue. As such, shareholders attending the meeting may unavoidably come into the picture at times. We ask for your kind understanding in this matter.
- When the live Internet broadcast has ended, the General Meeting of Shareholders will be made available to view as a recorded video for a period of about one month following the meeting. Please view the video by accessing MMC's video streaming website.

MMC's video streaming website (<https://www.mitsubishi-motors.com/en/streaming/>)

### **Notice Regarding the Social Gathering with Shareholders**

- Please note that **the social gathering with shareholders will not be held this year.**

## **Notice on Exercising Voting Rights**

Please exercise your voting rights using any of the following methods.

### **Shareholders Attending the General Meeting of Shareholders**

- Please present the enclosed voting form at the reception desk.
- You may name one (1) shareholder who holds voting rights of MMC to act as proxy and exercise your voting rights. To do so, please submit a document evidencing the authority of proxy.

Date and time: Friday, June 21, 2019 at 10:00 a.m. (Japan time)

Place: 3-3-1 Shibakoen, Minato-ku, Tokyo  
Ho-O-No-Ma, 2F, Tokyo Prince Hotel

### **Exercising Voting Rights in Writing**

- Please indicate either “for” or “against” for each proposal using the enclosed voting form, and return it to arrive by the voting deadline (no postage is necessary).
- In case any voting forms indicating neither “for” nor “against” for each proposal are submitted, MMC will treat such voting forms as indicating “for.”

Voting deadline: To be received no later than 5:45 p.m. on Thursday, June 20, 2019 (Japan time)

### **Exercising Voting Rights via the Internet**

Please enter “for” or “against” for each of the proposals in accordance with the instructions on the following page.

Voting deadline: No later than 5:45 p.m. on Thursday, June 20, 2019 (Japan time)

### **Handling of Duplicate Exercising of Voting Rights in Writing and/or via the Internet**

- (1) In case a voting right is exercised in duplicate in writing and via the Internet, exercising of voting rights over the Internet shall be regarded as valid.
- (2) Except in case (1) above, in case a voting right is exercised in duplicate, the last exercising of the voting right shall be regarded as valid.

## Notice on Exercising Voting Rights via the Internet

### Scanning QR code®

You can simply login to the website for exercising voting rights without entering your login ID and temporary password printed on the voting instructions form.

1. Please scan the QR code® located on the right side of the voting instructions form with your smartphone.

\* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.

2. Indicate your approval or disapproval by following the instructions on the screen.

**Note that you can exercise your voting rights only once by using QR code®.**

If you wish to redo your vote or exercise your voting rights without using QR code®, please refer to the “Entering login ID and temporary password” on the right.

### Entering login ID and temporary password

Website for exercising voting right(s):  
<https://evote.tr.mufg.jp/>

1. Please access the website for exercising voting right(s).
2. Enter your login ID and temporary password printed on the voting form and click “Log in.”

Enter your login ID and temporary password.  
Click “Log in.”

3. Please register a new password.

Enter your new password.  
Click “Send.”

4. Indicate your approval or disapproval by following the instructions on the screen

**In case you need instructions for how to operate your personal computer/smartphone/mobile phone in order to exercise your voting rights via the Internet, please contact:**

Mitsubishi UFJ Trust and Banking Corporation  
Stock Transfer Agency Department Help Desk

Tel: 0120-173-027 (Toll free only from Japan / Hours: 9:00 a.m. to 9:00 p.m. JST)

- Registered institutional investors may use the “Electronic Proxy Voting Platform for Institutional Investors” that is operated by ICJ Inc.
- Please note that the website for accessing this platform is unavailable from 2:00 a.m through 5:00 a.m.

## **Notice Regarding Q&A during the General Meeting of Shareholders**

### **Reception of questions in advance**

- If there are matters you want to ask MMC about, you can either ask on the day of the meeting, or send your question in advance using the “Questionnaire Form” or via the Internet.
- We intend to answer the questions received in advance that we consider to be of high interest to shareholders separately from the questions asked during the meeting. Please be advised, however, that we will not provide individual replies.

(1) If you ask a question on the “Questionnaire Form” (sent by postal service)

Please complete the required information on the enclosed “Questionnaire Form” and return it to arrive by the following deadline (no postage is necessary).

Deadline: To be received no later than 5:00 p.m. on Tuesday, June 18, 2019 (Japan time)

(2) If you ask a question via the Internet (PCs/smartphones)

Please access the dedicated website by entering the following URL in your web browser or by scanning the QR code. Once at the website, please input the required information as prompted.

URL of website for questions in advance: <https://www.net-research.jp/955364/>

Deadline: No later than 5:00 p.m. on Tuesday, June 18, 2019 (Japan time)



### **Asking a question during the General Meeting of Shareholders**

- If you wish to ask a question on the day, please raise your hand at the meeting. Please ask your question upon the cue of the chair of the meeting. Please note that the method of asking a question differs from the previous meeting.
- If the matter has been thoroughly discussed, you may be asked to refrain from further questioning.

## NOTICE OF THE 50TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

### Reference Materials

#### Proposal No. 1 Appropriation of surplus

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.

Having comprehensively considered the state of business performance for the full term and other such factors, MMC would like to set the end-of-term dividend at 10 yen per share, as stated in the most recent dividend forecast. Including the interim dividend of 10 yen, this will make the dividend for the term 20 yen per share.

- (1) Type of dividend  
Cash
- (2) Dividend allocation to shareholders and total amount of dividends  
10 yen per common stock of MMC  
Total amount of dividends: 14,883,130,950 yen
- (3) Effective date of dividend  
June 24, 2019

Proposal No. 2 Partial amendments to the Articles of Incorporation

1. Reason for proposal

- (1) MMC plans to transition to a company with three committees, as part of enhancing corporate governance, in order to achieve swift execution of business in quick response to environmental changes by clearly separating supervisory and execution function and ensuring the soundness/transparency of management through strengthening of supervision and risk management. Accordingly, MMC proposes the necessary amendments to the Articles of Incorporation, including the establishment of provisions concerning committees and executive officers and the deletions of the provisions concerning the Audit and Supervisory Board members and the Audit and Supervisory Board. Each Audit and Supervisory Board member has given their consent to the establishment of the provision (Proposed Article 33) permitting the exemption from the liabilities for damage of executive officers to the extent permitted by law.
- (2) MMC proposes to amend the date to give the notice of a meeting of the Board of Directors in order for the Board of Directors to achieve its flexible operation.
- (3) MMC also proposes to change the number of articles based on each amendment mentioned above.

The proposed amendments in this proposal shall be effective at the closing of the Ordinary General Meeting of Shareholders.

2. Details of amendments to the Articles of Incorporation

The details of the amendments are as follows.

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>Article 1 to Article 7 (Provisions omitted.)</p> <p>(Manager of the Register of Shareholders) Article 8.</p> <p>(1) The Corporation shall appoint a manager of the Register of Shareholders.</p> <p>(2) The manager of the Register of Shareholders and the manager’s place of business shall be designated by resolution of the Board of Directors and public notice thereof shall be given.</p> <p>(3) The Register of Shareholders of the Corporation shall be kept at the place of business of the manager of the Register of Shareholders, who shall take charge of entries and records in the Register of Shareholders, purchase of shares less than one share unit and other business concerning shares, and such business shall not be handled by the Corporation itself.</p> <p>(Stock Handling Rules) Article 9.</p> <p>In addition to being governed by laws, ordinances and the Articles of Incorporation, entries and records in the Register of Shareholders, purchase of shares less than one share unit and other procedures relating to shares of the Corporation and their related handling fees, and procedures for execution of shareholders rights shall be governed by Stock Handling Rules established by the Board of Directors.</p>	<p>Article 1 to Article 7 (The same as the current provisions.)</p> <p>(Manager of the Register of Shareholders) Article 8.</p> <p>(1) The Corporation shall appoint a manager of the Register of Shareholders.</p> <p>(2) The manager of the Register of Shareholders and the manager’s place of business shall be designated by resolution of the Board of Directors <u>or by the decision of an Executive Officer delegated by a resolution of the Board of Directors,</u> and public notice thereof shall be given.</p> <p>(3) The Register of Shareholders of the Corporation shall be kept at the place of business of the manager of the Register of Shareholders, who shall take charge of entries and records in the Register of Shareholders, purchase of shares less than one share unit and other business concerning shares, and such business shall not be handled by the Corporation itself.</p> <p>(Stock Handling Rules) Article 9.</p> <p>In addition to being governed by laws, ordinances and the Articles of Incorporation, entries and records in the Register of Shareholders, purchase of shares less than one share unit and other procedures relating to shares of the Corporation and their related handling fees, and procedures for execution of shareholders rights shall be governed by Stock Handling Rules established by the Board of Directors <u>or by an Executive Officer delegated</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Record Date) Article 10.</p> <p>(1) The Corporation shall deem any final shareholder who is entered or recorded in the last Register of Shareholders as of March 31 of each year to be a shareholder who may exercise shareholder’s rights at the Annual Shareholders Meeting held with respect to said Accounting Period.</p> <p>(2) Notwithstanding the foregoing paragraph, the Corporation may, when necessary, by giving advance public notice pursuant to the resolution of the Board of Directors, deem any final shareholder or registered stock pledgee whose name is entered or recorded in the Register of Shareholders on a specified date to be a shareholder or registered stock pledgee who may exercise his or her rights as such shareholder or pledgee.</p> <p>Article 11. (Provisions omitted.)</p> <p>(Person Entitled to Convene and Preside at Meetings) Article 12.</p> <p>(1) Any Shareholders Meeting shall be held by a resolution of the Board of Directors, and <u>the Chairman of the Board</u> shall convene such Meetings.</p> <p>(2) <u>Either the Chairman of the Board or Director</u> as the Board of Directors designates in advance, shall preside as Chairman at Shareholders Meetings.</p> <p>(3) In case of an accident of the person prescribed in Item (1) or Item (2), one of the other Directors shall perform the above duties in accordance with the order predetermined by the Board of Directors, respectively.</p> <p>Article 13 to Article 16 (Provisions omitted.)</p> <p style="text-align: center;">CHAPTER 4. DIRECTORS, BOARD OF DIRECTORS AND EXECUTIVE OFFICERS</p> <p>Article 17 to Article 19 (Provisions omitted.)</p> <p>(<u>Representative Directors and</u> Chairman of the Board) Article 20.</p> <p>(1) <u>The Corporation shall elect Representative Directors by a resolution of the Board of Directors.</u></p>	<p><u>by a resolution of the Board of Directors.</u></p> <p>(Record Date) Article 10.</p> <p>(1) The Corporation shall deem any final shareholder who is entered or recorded in the last Register of Shareholders as of March 31 of each year to be a shareholder who may exercise shareholder’s rights at the Annual Shareholders Meeting held with respect to said Accounting Period.</p> <p>(2) Notwithstanding the foregoing paragraph, the Corporation may, when necessary, by giving advance public notice pursuant to the resolution of the Board of Directors <u>or the decision of an Executive Officer delegated by a resolution of the Board of Directors</u>, deem any final shareholder or registered stock pledgee whose name is entered or recorded in the Register of Shareholders on a specified date to be a shareholder or registered stock pledgee who may exercise his or her rights as such shareholder or pledgee.</p> <p>Article 11. (The same as the current provisions.)</p> <p>(Person Entitled to Convene and Preside at Meetings) Article 12.</p> <p>(1) Any Shareholders Meeting shall be held by a resolution of the Board of Directors, and <u>a Director as the Board of Directors designates in advance</u> shall convene such Meetings.</p> <p>(2) <u>A Director or Executive Officer</u> as the Board of Directors designates in advance, shall preside as Chairman at Shareholders Meetings.</p> <p>(3) In case of an accident of the person prescribed in Item (1) or Item (2), one of the other Directors <u>or Executive Officers</u> shall perform the above duties in accordance with the order predetermined by the Board of Directors, respectively.</p> <p>Article 13 to Article 16 (The same as the current provisions.)</p> <p style="text-align: center;">CHAPTER 4. DIRECTORS <u>AND</u> BOARD OF DIRECTORS</p> <p>Article 17 to Article 19 (The same as the current provisions.)</p> <p>(Chairman of the Board) Article 20. <u>The Board of Directors may elect a Chairman of the Board.</u></p>



Current Articles of Incorporation	Proposed Amendments
<p>(2) <u>Each Representative Director shall represent the Corporation and shall conduct business affairs of the Corporation.</u></p> <p>(3) <u>The Board of Directors shall elect a Chairman of the Board.</u></p> <p>(Convocation of Meetings of the Board of Directors) Article 21.</p> <p>(1) The Chairman of the Board shall call the Meeting of the Board of Directors, at which he shall preside, except as otherwise provided for by laws or ordinances. If the Chairman of the Board is absent or prevented from so acting, one of the other Directors shall call and preside at the Meeting.</p> <p>(2) Notice of a Meeting of the Board of Directors shall be given to each Director <u>and Audit &amp; Supervisory Board Member</u> not less than <u>five (5)</u> days before the date of the Meeting. However, this period may be shortened in the case of an emergency or unavoidable circumstances.</p> <p>Article 22. (Provisions omitted.)</p> <p>(Omission of Resolution by the Board of Directors) Article 23.</p> <p>If all the Directors agree to items for resolution for the Board of Directors in writing or by means of electromagnetic records, the Corporation shall deem that the Board of Directors has passed a resolution adopting such items for resolution, <u>unless Audit &amp; Supervisory Board Members raise any objection.</u></p> <p>(Minutes of Meetings of the Board of Directors) Article 24.</p> <p>The substance of the proceedings of the Board of Directors, the conclusions reached thereat, and other items provided in laws and ordinances shall be contained or recorded in the Minutes of a Board of Directors and the Minutes of a Board of Directors shall be preserved at the Corporation after the affixing of the names and seals or electronic signatures of the Directors <u>and Audit &amp; Supervisory Board Members</u> present at the Board of Directors.</p> <p>(Remuneration, etc. of Directors) Article 25.</p> <p>The remuneration, bonuses and other benefit of a property benefits which the Directors receive from the Corporation in compensation for execution of their business affairs (the “Remuneration”), shall be decided <u>at a Shareholders Meeting.</u></p> <p>Article 26. (Provisions omitted.)</p>	<p>(Convocation of Meetings of the Board of Directors) Article 21.</p> <p>(1) The Chairman of the Board shall call the Meeting of the Board of Directors, at which he shall preside, except as otherwise provided for by laws or ordinances. If the Chairman of the Board is absent or prevented from so acting, one of the other Directors <u>designated in advance</u> shall call and preside at the Meeting.</p> <p>(2) Notice of a Meeting of the Board of Directors shall be given to each Director not less than <u>three (3)</u> days before the date of the Meeting. However, this period may be shortened in the case of an emergency or unavoidable circumstances.</p> <p>Article 22. (The same as the current provisions.)</p> <p>(Omission of Resolution by the Board of Directors) Article 23.</p> <p>If all the Directors <u>entitled to take part in a resolution</u> agree to items for resolution for the Board of Directors in writing or by means of electromagnetic records, the Corporation shall deem that the Board of Directors has passed a resolution adopting such items for resolution.</p> <p>(Minutes of Meetings of the Board of Directors) Article 24.</p> <p>The substance of the proceedings of the Board of Directors, the conclusions reached thereat, and other items provided in laws and ordinances shall be contained or recorded in the Minutes of a Board of Directors and the Minutes of a Board of Directors shall be preserved at the Corporation after the affixing of the names and seals or electronic signatures of the Directors present at the Board of Directors.</p> <p>(Remuneration, etc. of Directors) Article 25.</p> <p>The remuneration, bonuses and other benefit of a property benefits which the Directors receive from the Corporation in compensation for execution of their business affairs (the “Remuneration”), shall be decided <u>by a resolution of the Compensation Committee.</u></p> <p>Article 26. (The same as the current provisions.)</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>(Executive Officers)</u>  <u>Article 27.</u>  (1) <u>The Corporation shall elect Executive Officers by a resolution of the Board of Directors to carry out their respective duties.</u>  (2) <u>The Corporation may elect President, Chief Executive Officer (CEO) and other Executive officers in title from among the Executive Officers by a resolution of the Board of Directors.</u></p>	(Deleted)
<p><u>CHAPTER 5. AUDIT &amp; SUPERVISORY BOARD MEMBERS AND AUDIT &amp; SUPERVISORY BOARD</u></p>	(Deleted)
<p><u>(Establishment of the Audit &amp; Supervisory Board)</u>  <u>Article 28.</u>  <u>The Corporation shall appoint Audit &amp; Supervisory Board Members and establish the Audit &amp; Supervisory Board.</u></p>	(Deleted)
<p><u>(Election of Audit &amp; Supervisory Board Members)</u>  <u>Article 29.</u>  <u>The Audit &amp; Supervisory Board Members shall be elected by a majority vote of shareholders present at a Shareholders Meeting, who shall own shares of one third or more of voting rights of all of shareholders who may exercise voting rights.</u></p>	(Deleted)
<p><u>(Term of Office of Audit &amp; Supervisory Board Members)</u>  <u>Article 30.</u>  (1) <u>The term of office of an Audit &amp; Supervisory Board Member shall expire at the close of the Annual Shareholders Meeting held with respect to the latest business year occurring within four (4) years after his or her election.</u>  (2) <u>The term of office of an Audit &amp; Supervisory Board Member who is appointed to fill a vacancy because of an Audit &amp; Supervisory Board Member's retirement before the expiration of his or her term of office shall be until the time of expiration of the term of office of his or her predecessor.</u></p>	(Deleted)
<p><u>(Full-time Audit &amp; Supervisory Board Members)</u>  <u>Article 31.</u>  <u>The Audit &amp; Supervisory Board shall elect one or more Full-time Audit &amp; Supervisory Board Members by a resolution thereof.</u></p>	(Deleted)
<p><u>(Convocation of Meetings of the Audit &amp; Supervisory Board)</u>  <u>Article 32.</u>  <u>Notice of a Meeting of the Audit &amp; Supervisory Board shall be given to each Audit &amp; Supervisory Board Member not less than five (5) days before the date of the Meeting. However, this period may be shortened in</u></p>	(Deleted)

Current Articles of Incorporation	Proposed Amendments
<p><u>the case of an emergency or unavoidable circumstances.</u></p> <p><u>(Method of Resolution at Meetings of the Audit &amp; Supervisory Board)</u>  <u>Article 33.</u>  <u>All resolutions of the Audit &amp; Supervisory Board shall be adopted by a majority vote of the Audit &amp; Supervisory Board Members, except as otherwise provided for by laws or ordinances.</u></p> <p><u>(Minutes of Meetings of the Audit &amp; Supervisory Board)</u>  <u>Article 34.</u>  <u>The substance of the proceedings of the Audit &amp; Supervisory Board, the conclusions reached thereat, and other items prescribed by laws and ordinances, shall be contained or recorded in the Minutes of an Audit &amp; Supervisory Board and the Minutes of an Audit &amp; Supervisory Board shall be preserved at the Corporation after affixing of the names and seals or electronic signatures of the Audit &amp; Supervisory Board Members present at the Audit &amp; Supervisory Board.</u></p> <p><u>(Remuneration of Audit &amp; Supervisory Board Members)</u>  <u>Article 35.</u>  <u>The Remuneration of the Audit &amp; Supervisory Board Members shall be decided at a Shareholders Meeting.</u></p> <p><u>(Exemption from Liability of Audit &amp; Supervisory Board Members)</u>  <u>Article 36.</u>  <u>(1) The Corporation may, by a resolution of the Board of Directors, exempt Audit &amp; Supervisory Board Members (including ex-Audit &amp; Supervisory Board Members) from their liability for damage under Article 423, Paragraph 1 of the Companies Act up to the amount obtained by deducting the statutory minimum amount of liability from the amount of their liability, if they meet requirements stipulated by laws and ordinances.</u>  <u>(2) The Corporation may execute an agreement for limiting liability for damage under Article 423, Paragraph 1 of the Companies Act with Audit &amp; Supervisory Board Members, if they meet requirements stipulated by laws and ordinances, provided, however, that the maximum amount of liability under the said agreement shall be the greater of (a) the amount predetermined, which shall be Five Million Yen (¥5,000,000) or more, or (b) the minimum amount of liability prescribed by laws and ordinances.</u></p>	<p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
(Added) (Added)	<p align="center"><u>CHAPTER 5. THREE COMMITTEES</u></p> <p><u>(Establishment of Three Committees)</u></p> <p><u>Article 27.</u></p> <p><u>The Corporation shall establish a Nomination Committee, Auditor Committee and Compensation Committee.</u></p>
(Added)	<p><u>(Committees)</u></p> <p><u>Article 28.</u></p> <p><u>The members of the Nomination Committee, Auditor Committee and Compensation Committee shall be appointed from among the Directors by a resolution of the Board of Directors.</u></p>
(Added) (Added)	<p align="center"><u>CHAPTER 6. EXECUTIVE OFFICERS</u></p> <p><u>(Establishment of Executive Officers)</u></p> <p><u>Article 29.</u></p> <p><u>The Corporation shall appoint Executive Officers.</u></p>
(Added)	<p><u>(Appointment of Executive Officers)</u></p> <p><u>Article 30.</u></p> <p><u>The Executive Officers shall be appointed by a resolution of the Board of Directors.</u></p>
(Added)	<p><u>(Term of Office of Executive Officers)</u></p> <p><u>Article 31.</u></p> <p><u>The term of office of an Executive Officer shall expire on the last day of the last fiscal year to end within one (1) year after his/her election; provided, however that the term of office of an Executive Officer appointed during the term of other Executive Officers shall be until the time of expiration of the term of office of other Executive Officers in office at the time.</u></p>
(Added)	<p><u>(Representative Executive Officer and Managing Titled Executive Officers)</u></p> <p><u>Article 32.</u></p> <p><u>(1) The Representative Executive Officer shall be appointed by a resolution of the Board of Directors.</u></p> <p><u>(2) The Board of Directors may resolve to appoint Managing Titled Executive Officers.</u></p>
(Added)	<p><u>(Exemption from Liability of Executive Officers)</u></p> <p><u>Article 33.</u></p> <p><u>The Corporation may, by a resolution of the Board of Directors, exempt Executive Officers (including ex-Executive Officers) from their liability for damage under Article 423, Paragraph 1 of the Companies Act up to the amount obtained by deducting the statutory minimum amount of liability from the amount of their liability, if they meet requirements stipulated by laws and ordinances..</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>CHAPTER <u>6</u>. ACCOUNTING AUDITOR (Appointment of Accounting Auditor) Article <u>37</u>. The Corporation shall appoint an accounting auditor.</p> <p>(Election of Accounting Auditors) Article <u>38</u>. The accounting auditor shall be elected by a resolution of a Shareholders Meeting.</p> <p>(Term of Office of Accounting Auditors) Article <u>39</u>. (1) The term of office of an accounting auditor shall expire at the close of the Annual Shareholders Meeting held with respect to the latest business year occurring within one (1) year after his or her election. (2) An accounting auditor shall be deemed to have been reappointed at the Annual Shareholders Meeting provided for in the preceding Item unless otherwise resolved at such Meeting.</p> <p>(Remuneration of Accounting Auditors) Article <u>40</u>. The Remuneration of the accounting auditor shall be determined by <u>the Representative Directors</u> subject to the approval of the <u>Audit &amp; Supervisory Board</u>.</p>	<p>CHAPTER <u>7</u>. ACCOUNTING AUDITOR (Appointment of Accounting Auditor) Article <u>34</u>. The Corporation shall appoint an accounting auditor.</p> <p>(Election of Accounting Auditors) Article <u>35</u>. The accounting auditor shall be elected by a resolution of a Shareholders Meeting.</p> <p>(Term of Office of Accounting Auditors) Article <u>36</u>. (1) The term of office of an accounting auditor shall expire at the close of the Annual Shareholders Meeting held with respect to the latest business year occurring within one (1) year after his or her election. (2) An accounting auditor shall be deemed to have been reappointed at the Annual Shareholders Meeting provided for in the preceding Item unless otherwise resolved at such Meeting.</p> <p>(Remuneration of Accounting Auditors) Article <u>37</u>. The Remuneration of the accounting auditor shall be determined by Directors subject to the approval of the <u>Auditor Committee</u>.</p>
<p>CHAPTER <u>7</u>. ACCOUNTS (Business Year) Article <u>41</u>. The Business Year of the Corporation shall be from the 1st of April to the 31st of March of the following year.</p> <p>(Payment of Term-end Dividends) Article <u>42</u>. Subject to a resolution of the Shareholders Meeting, the Corporation may distribute to the shareholders or Registered Stock Pledgees entered or recorded in the final Register of Shareholders as of March 31 of each year, retained earnings in the form of cash dividends (the “Term-end Dividends”).</p> <p>(Payment of Interim Dividends) Article <u>43</u>. Subject to a resolution of the Board of Directors, the Corporation may distribute retained earnings in the form of cash dividends to the final shareholders or Registered Stock Pledgees entered or recorded in the Register of Shareholders as of September 30 of each year pursuant to Article 454, Paragraph 5 of the Companies Act (the “Interim Dividends”).</p> <p>(Limitation Period) Article <u>44</u>. If a distribution of retained earnings remains unclaimed for a full three (3) years from the beginning date of</p>	<p>CHAPTER <u>8</u>. ACCOUNTS (Business Year) Article <u>38</u>. The Business Year of the Corporation shall be from the 1st of April to the 31st of March of the following year.</p> <p>(Payment of Term-end Dividends) Article <u>39</u>. Subject to a resolution of the Shareholders Meeting, the Corporation may distribute to the shareholders or Registered Stock Pledgees entered or recorded in the final Register of Shareholders as of March 31 of each year, retained earnings in the form of cash dividends (the “Term-end Dividends”).</p> <p>(Payment of Term-end Dividends) Article <u>40</u>. Subject to a resolution of the Board of Directors, the Corporation may distribute retained earnings in the form of cash dividends to the final shareholders or Registered Stock Pledgees entered or recorded in the Register of Shareholders as of September 30 of each year pursuant to Article 454, Paragraph 5 of the Companies Act (the “Interim Dividends”).</p> <p>(Limitation Period) Article <u>41</u>. If a distribution of retained earnings remains unclaimed for a full three (3) years from the beginning date of</p>

Current Articles of Incorporation	Proposed Amendments
<p>payment, the Corporation shall be relieved of liability for their payment.</p> <p style="text-align: center;">(Added)</p> <p style="text-align: center;">(Added)</p>	<p>payment, the Corporation shall be relieved of liability for their payment.</p> <p style="text-align: center;"><u>SUPPLEMENTARY PROVISION</u></p> <p><u>(Transitional Measures for Auditors' Release from Liability)</u></p> <p><u>The Corporation may, by a resolution of the Board of Directors, exempt Auditors (including ex-Auditors) from their liability for damage regarding an act conducted before the end of the 50th Ordinary General Meeting of Shareholders under Article 423, Paragraph 1 of the Companies Act up to the amount obtained by deducting the statutory minimum amount of liability from the amount of their liability, if they meet requirements stipulated by laws and ordinances.</u></p>



Proposal No. 3 Election of 15 Members of the Board


Subject to the approval and adoption of Proposal No. 2 “Partial amendments to the Articles of Incorporation,” the Company will make the transition from a company with an audit and supervisory board to a company with three committees. As the terms of office of 8 Members of the Board and 5 Audit & Supervisory Board Members will expire at the conclusion of this Ordinary General Meeting of Shareholders, MMC proposes the election of 15 Members of the Board. The candidates for election are as follows.


No.	Name		Position and responsibility in MMC	Board of Directors Meeting attendance (FY 2018)	Term of office (at the conclusion of this meeting)
1	Osamu Masuko	Reappointment	Chairman of the Board, CEO (Internal Director)	13/13	15 years
2	Takao Kato	New	President, PT Mitsubishi Motors Krama Yudha Indonesia	–	–
3	Kozo Shiraji	New	Audit & Supervisory Board Member (Internal Audit & Supervisory Board Member)	13/13	1 year
4	Shunichi Miyanaga	Reappointment Outside	Member of the Board (Outside Director)	12/13	5 years
5	Ken Kobayashi	Reappointment Outside	Member of the Board (Outside Director)	13/13	3 years
6	Hitoshi Kawaguchi	Reappointment Outside	Member of the Board (Outside Director)	12/13	2 years and 6 months
7	Hiroshi Karube	Reappointment Outside	Member of the Board (Outside Director)	12/13	2 years and 6 months
8	Setsuko Egami (Real Name: Setsuko Kusumoto)	Reappointment Outside Independent	Member of the Board (Outside Director)	9/10	1 year

No.	Name		Position and responsibility in MMC	Board of Directors Meeting attendance (FY 2018)	Term of office (at the conclusion of this meeting)
9	Main Kohda (Real Name: Tokuko Sawa)	Reappointment Outside Independent	Member of the Board (Outside Director)	10/10	1 year
10	Yaeko Takeoka	New Outside Independent	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	12/13	4 years
11	Yoshitsugu Oba	New Outside Independent	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	13/13	3 years
12	Kenichiro Sasae	New Outside Independent	–	–	–
13	Kiyoshi Sono	New Outside	–	–	–
14	Hideyuki Sakamoto	New Outside	–	–	–
15	Mitsuko Miyagawa (Real Name: Mitsuko Tanaka)	New Outside Independent	–	–	–






No.	Name (Date of birth)	History, position and responsibility in MMC and important concurrent positions	Number of MMC shares owned
1	 <p>Osamu Masuko (February 19, 1949) Term of office as Director 15 years Board of Directors Meeting attendance in FY 2018 13/13</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Reappointment</div>	<p>April 1972    Joined Mitsubishi Corporation</p> <p>April 2003    Senior Vice President, Division COO of Motor Vehicle Business Div., Mitsubishi Corporation</p> <p>June 2004    Managing Director, in charge of Overseas Operations Group Headquarters, MMC</p> <p>January 2005    President, Chief Business Ethics Officer, MMC</p> <p>October 2007    President, MMC</p> <p>June 2014    Chairman of the Board, CEO, MMC</p> <p>June 2016    Chairman of the Board, President and CEO, MMC</p> <p>December 2016    President and CEO, MMC</p> <p>June 2017    Member of the Board, CEO, MMC</p> <p>December 2018    Chairman of the Board, CEO, MMC (to the present)</p>	24,042
<p>[Reasons for nomination]</p> <p>Having long been in charge of the management of MMC, Mr. Osamu Masuko has considerable insight and business experience concerning corporate management. As such, MMC continuously proposes him as a candidate for Member of the Board with the expectation that he will play an important role in the decisions in significant matters and business execution of MMC.</p>			
2	 <p>Takao Kato (February 21, 1962)</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">New</div>	<p>April 1984    Joined MMC</p> <p>April 2002    Manager of the Body Production Engineering Dept., Vehicle Production Division, Vehicle Production Headquarters, MMC</p> <p>April 2003    Section Manager of the Body Section, Production Dept., Nagoya Plant, MMC</p> <p>April 2007    Vice General Manager of Production Dept., Nagoya Plant, MMC</p> <p>August 2008    Expert of Production Dept., Nagoya Plant, MMC</p> <p>April 2009    Expert of the Russian Assembly Business Promotion Office, MMC</p> <p>April 2010    Senior Expert of the Russian Assembly Business Promotion Office, MMC</p> <p>May 2010    Transferred to PCMA Rus, LLC</p> <p>April 2014    Vice Plant General Manager of Nagoya Plant, MMC</p> <p>April 2015    President, PT Mitsubishi Motors Krama Yudha Indonesia (to the present)</p>	1,085
<p>[Reasons for nomination]</p> <p>Having the experience of serving as President of PT Mitsubishi Motors Krama Yudha Indonesia, one of MMC's largest overseas manufacturing bases, as well as having been engaged in other operations of the Company for many years, Mr. Takao Kato has considerable insight and business experience concerning global management and manufacturing fields. As such, MMC proposes him as a candidate for Member of the Board with the expectation that he will play an important role in the decisions in significant matters and business execution of MMC.</p>			


No.	Name (Date of birth)	History, position and responsibility in MMC and important concurrent positions	Number of MMC shares owned
3	 <p><b>Kozo Shiraji</b> (April 22, 1959)</p> <p>Term of office as Audit &amp; Supervisory Board Member 1 year</p> <p>Board of Directors Meeting attendance in FY 2018 13/13</p> <p>Audit &amp; Supervisory Board Meeting attendance in FY 2018 10/10</p> <div style="border: 1px solid black; width: 100px; height: 20px; margin-top: 10px; text-align: center;">New</div>	<p>April 1977      Joined Mitsubishi Corporation</p> <p>April 2009      Senior Vice President, Division COO of Motor Vehicle Business Div., Mitsubishi Corporation</p> <p>April 2013      Executive Vice President, Group CEO of Machinery Group, Mitsubishi Corporation</p> <p>April 2016      Senior Executive Officer, Assistant to President, MMC</p> <p>June 2016      Member of the Board, Executive Vice President (Overseas Operations, Global After Sales), MMC</p> <p>January 2017    Member of the Board, Executive Vice President (Overseas Operations, Global After Sales), CPO, MMC</p> <p>April 2018      Member of the Board, Assistant CEO, MMC</p> <p>June 2018      Audit &amp; Supervisory Board Member, MMC (to the present)</p>	5,374
<p>[Reasons for nomination]</p> <p>Mr. Kozo Shiraji has not only experience in MMC but also considerable experience, achievements and insight nurtured through his long-standing career in the automotive business at a general trading company that operates worldwide. As such, MMC proposes him as a candidate for Member of the Board with the expectation that these qualities may benefit MMC's management.</p>			


No.	Name (Date of birth)	History, position and responsibility in MMC and important concurrent positions	Number of MMC shares owned
4	 <p>Shunichi Miyanaga (April 27, 1948)</p> <p>Term of office as Director 5 years</p> <p>Board of Directors Meeting attendance in FY 2018 12/13</p> <div data-bbox="229 741 445 826" style="border: 1px solid black; padding: 5px; width: fit-content; margin: 5px 0;">Reappointment</div> <div data-bbox="229 848 445 934" style="border: 1px solid black; padding: 5px; width: fit-content; margin: 5px 0;">Outside Director</div>	<p>April 1972      Joined Mitsubishi Heavy Industries, Ltd.</p> <p>June 2008      Member of the Board, Executive Vice President, Mitsubishi Heavy Industries, Ltd.</p> <p>April 2011      Member of the Board, Senior Executive Vice President, Mitsubishi Heavy Industries, Ltd.</p> <p>April 2013      Member of the Board, President, Mitsubishi Heavy Industries, Ltd.</p> <p>April 2014      Member of the Board, President, CEO, Mitsubishi Heavy Industries, Ltd.</p> <p>June 2014      Member of the Board, MMC (to the present)</p> <p>April 2019      Chairman of the Board, Mitsubishi Heavy Industries, Ltd. (to the present)</p> <p>&lt;Important concurrent positions&gt; Chairman of the Board, Mitsubishi Heavy Industries, Ltd. Outside Director, Mitsubishi Corporation (inauguration expected in June 2019)</p>	7,481
<p>[Reasons for nomination]</p> <p>Mr. Shunichi Miyanaga has considerable experience, achievements and insight nurtured through his long-standing career in corporate management at the manufacturing company that operates worldwide. As such, MMC continuously proposes him as a candidate for Outside Director with the expectation that these qualities may benefit MMC's management.</p>			

No.	Name (Date of birth)	History, position and responsibility in MMC and important concurrent positions	Number of MMC shares owned
5	 <p>Ken Kobayashi (February 14, 1949)</p> <p>Term of office as Director 3 years</p> <p>Board of Directors Meeting attendance in FY 2018 13/13</p> <div data-bbox="229 898 445 983" style="border: 1px solid black; padding: 2px; width: fit-content;">Reappointment</div> <div data-bbox="229 1003 445 1088" style="border: 1px solid black; padding: 2px; width: fit-content;">Outside Director</div>	<p>July 1971      Joined Mitsubishi Corporation</p> <p>April 2003    Senior Vice President, General Manager of Singapore Branch, Mitsubishi Corporation</p> <p>June 2004    Senior Vice President, Division COO of Plant Project Div., Mitsubishi Corporation</p> <p>April 2006    Senior Vice President, Division COO of Ship, Aerospace &amp; Transportation Systems Div., Mitsubishi Corporation</p> <p>April 2007    Executive Vice President, Group CEO of Industrial Finance, Logistics &amp; Development Group, Mitsubishi Corporation</p> <p>June 2007    Member of the Board, Executive Vice President, Group CEO of Industrial Finance, Logistics &amp; Development Group, Mitsubishi Corporation</p> <p>June 2008    Executive Vice President, Group CEO of Industrial Finance, Logistics &amp; Development Group, Mitsubishi Corporation</p> <p>April 2010    Senior Executive Vice President, Executive Assistant to President, Mitsubishi Corporation</p> <p>June 2010    Member of the Board, President &amp; CEO, Mitsubishi Corporation</p> <p>April 2016    Chairman of the Board, Mitsubishi Corporation (to the present)</p> <p>June 2016    Member of the Board, MMC (to the present)</p> <p>&lt;Important concurrent positions&gt; Chairman of the Board, Mitsubishi Corporation Outside Director, NISSIN FOODS HOLDINGS CO., LTD. Outside Director (Member of the Board), Mitsubishi Heavy Industries, Ltd.</p>	3,243
<p>[Reasons for nomination]</p> <p>Mr. Ken Kobayashi has considerable experience, achievements and insight on global business management nurtured through his career as a corporate manager at a general trading company that operates worldwide. As such, MMC continuously proposes him as a candidate for Outside Director with the expectation that these qualities may benefit MMC's management.</p>			


No.	Name (Date of birth)	History, position and responsibility in MMC and important concurrent positions	Number of MMC shares owned
6	 <p>Hitoshi Kawaguchi (August 23, 1953) Term of office as Director 2 years and 6 months Board of Directors Meeting attendance in FY 2018 12/13</p> <div data-bbox="229 719 445 801" style="border: 1px solid black; padding: 2px; width: fit-content;">Reappointment</div> <div data-bbox="229 824 445 907" style="border: 1px solid black; padding: 2px; width: fit-content;">Outside Director</div>	<p>April 1976    Joined Nissan Motor Co., Ltd.</p> <p>April 2005    Senior Vice President in charge of Human Resources, Diversity Development Office, Nissan Motor Co., Ltd.</p> <p>April 2009    Senior Vice President in charge of External and Government Affairs, Intellectual Asset Management, Nissan Motor Co., Ltd.</p> <p>April 2016    Senior Vice President, Chief Sustainability Officer in charge of Global External and Government Affairs, Japan Communication, Corporate Service Management Department, CSR Department, Nissan Motor Co., Ltd.</p> <p>December 2016    Member of the Board, MMC (to the present)</p> <p>May 2019    Executive Vice President, Nissan Motor Co., Ltd. (to the present)</p> <p>&lt;Important concurrent positions&gt; Executive Vice President, Chief Sustainability Officer, Nissan Motor Co., Ltd.</p>	3,629
<p>[Reasons for nomination] Mr. Hitoshi Kawaguchi has considerable insight and experience concerning the automotive business. As such, MMC continuously proposes him as a candidate for Outside Director with the expectation that these qualities may benefit MMC's management.</p>			
7	 <p>Hiroshi Karube (April 23, 1956) Term of office as Director 2 years and 6 months Board of Directors Meeting attendance in FY 2018 12/13</p> <div data-bbox="229 1561 445 1644" style="border: 1px solid black; padding: 2px; width: fit-content;">Reappointment</div> <div data-bbox="229 1666 445 1749" style="border: 1px solid black; padding: 2px; width: fit-content;">Outside Director</div>	<p>April 1980    Joined Nissan Motor Co., Ltd.</p> <p>April 2010    Corporate Vice President, in charge of Global Controller, Budget and Accounting Dept., Global Asset Management Dept., Nissan Motor Co., Ltd.</p> <p>December 2016    Member of the Board, MMC (to the present)</p> <p>April 2018    Senior Vice President, in charge of Global Controller (MC &amp; Global Function), Accounting, Global Asset Management, Nissan Motor Co., Ltd.</p> <p>May 2018    Chief Financial Officer, Nissan Motor Co., Ltd. (to the present)</p> <p>&lt;Important concurrent positions&gt; Chief Financial Officer, Nissan Motor Co., Ltd.</p>	3,629
<p>[Reasons for nomination] Mr. Hiroshi Karube has considerable insight and experience concerning the automotive business. As such, MMC continuously proposes him as a candidate for Outside Director with the expectation that these qualities may benefit MMC's management.</p>			


No.	Name (Date of birth)	History, position and responsibility in MMC and important concurrent positions	Number of MMC shares owned
8	 <p>Setsuko Egami (Real Name: Setsuko Kusumoto) (July 16, 1950) Term of office as Director 1 year Board of Directors Meeting attendance in FY 2018 9/10</p> <div data-bbox="229 824 446 909" style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Reappointment</div> <div data-bbox="229 931 446 1016" style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Outside Director</div> <div data-bbox="229 1039 446 1124" style="border: 1px solid black; padding: 2px;">Independent Director</div>	<p>April 1983 Editor in Chief of <i>Travaille</i> published by Recruit Co., Ltd. (present: Recruit Holdings Co., Ltd.)</p> <p>December 2001 Director, Frontier Service Development Laboratory, East Japan Railway Company</p> <p>April 2006 Visiting Professor, The Okuma School of Public Management, Waseda University</p> <p>November 2006 Member of Government Tax Commission</p> <p>June 2007 Outside Corporate Auditor, Taisho Pharmaceutical Co., Ltd.</p> <p>April 2009 Professor, Graduate School of Humanities, Musashi University (to the present) Professor, Faculty of Sociology, Musashi University (to the present)</p> <p>June 2011 Outside Audit &amp; Supervisory Board Member, Yusen Logistics Co., Ltd.</p> <p>April 2012 Dean, Faculty of Sociology, Musashi University</p> <p>June 2015 Outside Director, Mitsubishi Estate Co., Ltd. (to the present)</p> <p>June 2018 Member of the Board, MMC (to the present)</p> <p>&lt;Important concurrent positions&gt; Professor, Graduate School of Humanities, Musashi University Professor, Faculty of Sociology, Musashi University Outside Director, Mitsubishi Estate Co., Ltd.</p>	1,277
<p>[Reasons for nomination]</p> <p>Although Ms. Setsuko Egami does not have experience of involvement in the management of a company by means other than serving as an outside officer, she has considerable insight and experience concerning corporate strategies, marketing strategies, human resources development and others. As such, MMC continuously proposes her as a candidate for Outside Director with the expectation that these qualities may benefit MMC's management.</p>			


No.	Name (Date of birth)	History, position and responsibility in MMC and important concurrent positions	Number of MMC shares owned
9	 <p>Main Kohda (Real Name: Tokuko Sawa) (April 25, 1951) Term of office as Director 1 year Board of Directors Meeting attendance in FY 2018 10/10</p> <div data-bbox="229 786 446 873" style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Reappointment</div> <div data-bbox="229 896 446 983" style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Outside Director</div> <div data-bbox="229 1005 446 1093" style="border: 1px solid black; padding: 2px;">Independent Director</div>	<p>September 1995 Started independently as Novelist (to the present)</p> <p>January 2003 Member of Financial System Council, Ministry of Finance Japan</p> <p>April 2004 Visiting Professor, Faculty of Economics, Shiga University</p> <p>March 2005 Member of the Council for Transport Policy, Ministry of Land, Infrastructure, Transport and Tourism</p> <p>November 2006 Member of Government Tax Commission</p> <p>June 2010 Member of the Board of Governors, Japan Broadcasting Corporation</p> <p>June 2012 Outside Director, Japan Tobacco Inc. (to the present)</p> <p>June 2013 Outside Director, LIXIL Group Corporation (to the present)</p> <p>June 2016 Outside Director, Japan Exchange Group (to the present)</p> <p>June 2018 Member of the Board, MMC (to the present)</p> <p>&lt;Important concurrent positions&gt; Novelist Outside Director, Japan Tobacco Inc. Outside Director, LIXIL Group Corporation (Will be resigned in June 2019) Outside Director, Japan Exchange Group</p>	1,277
<p>[Reasons for nomination]</p> <p>Although Ms. Main Kohda does not have experience of involvement in the management of a company by means other than serving as an outside officer, she has keen acumen and an objective perspective as a writer in addition to deep knowledge about international finance as well as considerable insight and experience gained as a Member of the Council of the Ministry of Finance and the Ministry of Land, Infrastructure, Transport and Tourism. As such, MMC continuously proposes her as a candidate for Outside Director with the expectation that these qualities may benefit MMC's management.</p>			


No.	Name (Date of birth)	History, position and responsibility in MMC and important concurrent positions	Number of MMC shares owned
10	 <p>Yaeko Takeoka (May 10, 1957)</p> <p>Term of office as Audit &amp; Supervisory Board Member 4 years</p> <p>Board of Directors Meeting attendance in FY 2018 12/13</p> <p>Audit &amp; Supervisory Board Meeting attendance in FY 2018 14/14</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 5px auto;">New</div> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 5px auto;">Outside Director</div> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 5px auto;">Independent Director</div>	<p>April 1985 Registered as an attorney at law Member of Daini Tokyo Bar Association</p> <p>October 2003 Chairperson of the Sub-Committee on Research, Japan Law Foundation</p> <p>January 2005 Member of Expert Panel on Management of Intellectual Properties under the Council for Science and Technology Policy</p> <p>March 2006 Member of the Council for Small and Medium Enterprise Policy</p> <p>January 2007 Joined Kohwa Sohgo Law Offices (to the present)</p> <p>April 2008 Member of the Administrative Council of The University of Electro-Communications (to the present)</p> <p>March 2011 Member of the Industrial Structure Council</p> <p>December 2014 Member of Committee on Intellectual Property for Innovative structural materials under Cross- Ministerial Strategic Innovation Promotion Program</p> <p>June 2015 Audit &amp; Supervisory Board Member, MMC (to the present)</p> <p>March 2019 Outside Audit &amp; Supervisory Board Member, AGC Inc. (to the present)</p> <p>&lt;Important concurrent positions&gt; Attorney at Law, Kohwa Sohgo Law Offices Outside Audit &amp; Supervisory Board Member, AGC Inc.</p>	6,361
<p>[Reasons for nomination]</p> <p>Although Ms. Yaeko Takeoka does not have experience of involvement in the management of a company by means other than serving as an outside officer, she has experience as an Audit &amp; Supervisory Board Member of MMC and has considerable expert knowledge and extensive insight as a legal specialist, having been active as an attorney at law for many years. As such, MMC proposes her as a candidate for Outside Director with the expectation that these qualities may benefit MMC's management.</p>			




No.	Name (Date of birth)	History, position and responsibility in MMC and important concurrent positions	Number of MMC shares owned
11	 <p>Yoshitsugu Oba (October 7, 1953)</p> <p>Term of office as Audit &amp; Supervisory Board Member 3 years</p> <p>Board of Directors Meeting attendance in FY 2018 13/13</p> <p>Audit &amp; Supervisory Board Meeting attendance in FY 2018 14/14</p> <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px auto; text-align: center;">New</div> <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px auto; text-align: center;">Outside Director</div> <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px auto; text-align: center;">Independent Director</div>	<p>November 1975 Joined Tohmatsu Awoki &amp; Co.</p> <p>September 1982 Registered as certified public accountant</p> <p>June 1990 Partner, Tohmatsu &amp; Co.</p> <p>October 2007 Functional Risk Leader-Audit, Deloitte Touche Tohmatsu</p> <p>October 2010 National Professional Practice Director, Deloitte Touche Tohmatsu LLC</p> <p>June 2016 Audit &amp; Supervisory Board Member, MMC (to the present)</p> <p>October 2017 Supervisory Director, Advance Residence Investment Corporation (to the present)</p> <p>&lt;Important concurrent positions&gt; Supervisory Director, Advance Residence Investment Corporation</p>	4,812
<p>[Reasons for nomination]</p> <p>Although Mr. Yoshitsugu Oba does not have experience of involvement in the management of a company by means other than serving as an outside officer, he has experience as an Audit &amp; Supervisory Board Member of MMC and has considerable knowledge and extensive insight as a specialist in accounting and auditing, having been active as an accountant for many years. As such, MMC proposes him as a candidate for Outside Director with the expectation that he will be able to offer appropriate advice to MMC from a perspective of validity and suitability.</p>			

No.	Name (Date of birth)	History, position and responsibility in MMC and important concurrent positions	Number of MMC shares owned
12	 <p>Kenichiro Sasae (September 25, 1951)</p> <div data-bbox="229 647 445 734" style="border: 1px solid black; padding: 2px; text-align: center;">New</div> <div data-bbox="229 754 445 842" style="border: 1px solid black; padding: 2px; text-align: center;">Outside Director</div> <div data-bbox="229 862 445 949" style="border: 1px solid black; padding: 2px; text-align: center;">Independent Director</div>	<p>April 1974      Joined Ministry of Foreign Affairs</p> <p>April 2000      Executive Assistant to the Prime Minister for Foreign Affairs</p> <p>April 2001      Deputy Director-General, Foreign Policy Bureau</p> <p>March 2002      Director-General, Economic Affairs Bureau, Ministry of Foreign Affairs</p> <p>January 2005    Director-General, Asian and Oceania Affairs Bureau, Ministry of Foreign Affairs</p> <p>January 2008    Senior Deputy Minister for Foreign Affairs</p> <p>August 2010    Vice-Minister for Foreign Affairs</p> <p>September 2012 Ambassador Extraordinary and Plenipotentiary of Japan to the United States of America</p> <p>April 2018      Adviser to the Minister for Foreign Affairs (to the present)</p> <p>June 2018      President and Director General, The Japan Institute of International Affairs (to the present)</p> <p>August 2018    Outside Director, Hotel Okura Co., Ltd. (to the present)</p> <p>&lt;Important concurrent positions&gt;</p> <p>President and Director General, The Japan Institute of International Affairs</p> <p>Adviser to the Minister for Foreign Affairs</p> <p>Outside Director, Hotel Okura Co., Ltd.</p> <p>Outside Director, SEIREN CO., LTD. (inauguration expected in June 2019)</p>	—
<p>[Reasons for nomination]</p> <p>Although Mr. Kenichiro Sasae does not have experience of involvement in the management of a company by means other than serving as an outside officer, he has a broad international understanding as a diplomat and considerable insight and experience, holding important posts at the Ministry of Foreign Affairs. As such, MMC proposes him as a candidate for Outside Director with the expectation that these qualities may benefit MMC's management.</p>			

No.	Name (Date of birth)	History, position and responsibility in MMC and important concurrent positions	Number of MMC shares owned
13	 <p data-bbox="244 600 432 667">Kiyoshi Sono (April 18, 1953)</p> <div data-bbox="229 683 445 768" style="border: 1px solid black; padding: 2px; text-align: center;">New</div> <div data-bbox="229 790 445 875" style="border: 1px solid black; padding: 2px; text-align: center;">Outside Director</div>	<p data-bbox="472 259 1262 293">April 1976    Joined The Sanwa Bank, Limited</p> <p data-bbox="472 304 1262 338">May 2004    Director, Executive Officer, UFJ Bank Limited</p> <p data-bbox="472 349 1262 405">January 2006    Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p data-bbox="472 416 1262 472">May 2006    Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p data-bbox="472 483 1262 539">May 2010    Senior Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p data-bbox="472 551 1262 607">May 2012    Managing Executive Officer, Mitsubishi UFJ Financial Group, Inc.</p> <p data-bbox="472 618 1262 674">June 2012    Deputy President, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p data-bbox="472 685 1262 741">May 2014    Deputy Chairman of the Board of Directors, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p data-bbox="472 752 1262 808">June 2014    Chairman of the Board of Directors, Mitsubishi UFJ Financial Group, Inc.</p> <p data-bbox="472 819 1262 875">June 2014    Outside Directors, Mitsubishi UFJ NICOS Co., Ltd. (to the present)</p> <p data-bbox="472 887 1262 943">June 2015    Chairman (Representative Corporate Executive), Mitsubishi UFJ Financial Group, Inc.</p> <p data-bbox="472 954 1262 1010">June 2017    Outside Director, Nankai Electric Railway Co., Ltd. (to the present)</p> <p data-bbox="472 1021 1262 1077">June 2017    Deputy Chairman, Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p data-bbox="472 1088 1262 1144">April 2018    Deputy Chairman of the Board of Directors, MUFG Bank, Ltd.</p> <p data-bbox="472 1155 1262 1211">April 2019    Chairman of the Board of Directors, MUFG Bank, Ltd. (to the present)</p> <p data-bbox="472 1223 1262 1279">Member of the Board of Directors, Managing Corporate Executive, Mitsubishi UFJ Financial Group, Inc. (to the present)</p> <div data-bbox="472 1402 1262 1597" style="border: 1px solid black; padding: 2px;"> <p data-bbox="472 1402 1262 1435">&lt;Important concurrent positions&gt;</p> <p data-bbox="472 1447 1262 1480">Chairman of the Board of Directors, MUFG Bank, Ltd.</p> <p data-bbox="472 1491 1262 1525">Member of the Board of Directors, Managing Corporate Executive, Mitsubishi UFJ Financial Group, Inc.</p> <p data-bbox="472 1536 1262 1570">Outside Director, Mitsubishi UFJ NICOS Co., Ltd.</p> <p data-bbox="472 1581 1262 1597">Outside Director, Nankai Electric Railway Co., Ltd.</p> </div>	—
<p data-bbox="217 1619 507 1653">[Reasons for nomination]</p> <p data-bbox="217 1664 1439 1742">Mr. Kiyoshi Sono has considerable experience and deep insight as a corporate manager at international financial institutions. As such, MMC proposes him as a candidate for Outside Director with the expectation that these qualities may benefit MMC's management.</p>			

No.	Name (Date of birth)	History, position and responsibility in MMC and important concurrent positions	Number of MMC shares owned
14	 <p>Hideyuki Sakamoto (April 15, 1956)</p> <div data-bbox="229 683 448 770" style="border: 1px solid black; padding: 2px; text-align: center;">New</div> <div data-bbox="229 792 448 880" style="border: 1px solid black; padding: 2px; text-align: center;">Outside Director</div>	<p>April 1980      Joined Nissan Motor Co., Ltd.</p> <p>April 2008      Corporate Vice President, Nissan PV Product Development Div. No.1, Nissan Motor Co., Ltd.</p> <p>May 2009        Corporate Vice President, Alliance Common Platform and Components, Nissan Motor Co., Ltd.</p> <p>April 2012      Senior Vice President, Production Engineering Div., Nissan Motor Co., Ltd.</p> <p>April 2014      Executive Vice President, Product Engineering, Nissan Motor Co., Ltd.</p> <p>June 2014        Chairman of BD, NISSAN AUTOMOTIVE TECHNOLOGY CO., LTD.</p> <p>June 2014        Director and Executive Vice President, Product Engineering, Nissan Motor Co., Ltd.</p> <p>January 2018    Director and Executive Vice President, MFG &amp; SCM Operations, Nissan Motor Co., Ltd. (to the present)</p> <p>June 2018        Chairman of the Board, Nissan Motor Kyushu Co., Ltd. (to the present)</p> <p>August 2018    Board Member, Chairman, AICHI MACHINE INDUSTRY CO., LTD. (to the present)</p> <p>September 2018 Chairman, JATCO Ltd (to the present)</p> <p>&lt;Important concurrent positions&gt;  Director and Executive Vice President, Nissan Motor Co., Ltd. (Will be resigned as a Director in June 2019)  Chairman, JATCO Ltd  Board Member, Chairman, AICHI MACHINE INDUSTRY CO., LTD.  Chairman of the Board, Nissan Motor Kyushu Co., Ltd.</p>	—
<p>[Reasons for nomination]  Mr. Hideyuki Sakamoto has considerable insight and experience concerning the automotive business. As such, MMC proposes him as a candidate for Outside Director with the expectation that these qualities may benefit MMC's management.</p>			

No.	Name (Date of birth)	History, position and responsibility in MMC and important concurrent positions	Number of MMC shares owned
15	 <p>Mitsuko Miyagawa (Real Name: Mitsuko Tanaka) (February 13, 1960)</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px 0;">New</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px 0;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px 0;">Independent Director</div>	<p>April 1986 Registered with Daiichi Tokyo Bar Association Joined Nishimura &amp; Sanada (present: Nishimura &amp; Asahi LPC)</p> <p>October 1990 Joined TMI Associates (to the present)</p> <p>March 1994 Qualified as an attorney in New York State, USA</p> <p>April 2005 Lecturer, Keio University Law School (to the present)</p> <p>June 2008 Outside Director, S.T. CORPORATION</p> <p>April 2012 Corporate Auditor, Unilever Japan Holdings K.K.</p> <p>June 2015 Outside Director, S.T. CORPORATION (to the present)</p> <p>June 2016 Outside Audit &amp; Supervisory Board Member, Panasonic Corporation (to the present)</p> <p>&lt;Important concurrent positions&gt; Attorneys at law, TMI Associates Lecturer, Keio University Law School Outside Director, S.T. CORPORATION Outside Audit &amp; Supervisory Board Member, Panasonic Corporation</p>	—
<p>[Reasons for nomination]</p> <p>Although Ms. Mitsuko Miyagawa does not have experience of involvement in the management of a company by means other than serving as an outside officer, she has considerable expert knowledge and extensive insight as a legal specialist, having been active as an attorney at law for many years. As such, MMC proposes her as a candidate for Outside Director with the expectation that these qualities may benefit MMC's management.</p>			

- (Notes)
1. There are no special conflicts of interests between MMC and each director candidate.
  2. MMC has concluded agreements with Mr. Shunichi Miyanaga, Mr. Ken Kobayashi, Mr. Hitoshi Kawaguchi, Mr. Hiroshi Karube, Ms. Setsuko Egami, Ms. Main Kohda, Ms. Yaeko Takeoka and Mr. Yoshitsugu Oba limiting their liability for damages to the higher of 7 million yen or the minimum amount of liability stipulated in Article 425, Paragraph 1 of the Companies Act for the liability stipulated in Article 423, Paragraph 1 of the same Act. MMC intends to continue the above-mentioned limitation of liability agreements with the candidates if their elections are approved.
  3. MMC intends to conclude agreements with Mr. Kenichiro Sasae, Mr. Kiyoshi Sono, Mr. Hideyuki Sakamoto and Ms. Mitsuko Miyagawa limiting their liability for damages to the higher of 7 million yen or the minimum amount of liability stipulated in Article 425, Paragraph 1 of the Companies Act for the liability stipulated in Article 423, Paragraph 1 of the same Act if their elections are approved.
  4. After the Ordinary General Meeting of Shareholders held on June 22, 2018, when Mr. Shunichi Miyanaga, Mr. Ken Kobayashi, Mr. Hitoshi Kawaguchi, Mr. Hiroshi Karube, Ms. Setsuko Egami and Ms. Main Kohda were elected, regarding the improper conduct that some overseas technical training interns at the Okazaki Plant of MMC did not receive technical training according to the technical intern training plan accredited by the Organization for Technical Intern Training revealed in May 2018, MMC had the accreditation for its technical intern training plan revoked and received an order for improvement in accordance with the Act on Proper Technical Intern Training and Protection of Technical Intern Trainees in January 2019. Mr. Shunichi Miyanaga, Mr. Ken Kobayashi, Mr. Hitoshi Kawaguchi and Mr. Hiroshi Karube did not recognize the matter of the improper conduct in advance. However, they regularly made suggestions for internal reforms to be realized at meetings

of the Board of Directors, etc. from the standpoint of legal compliance and others. Since the matter of the improper conduct was revealed, they have fulfilled their responsibilities by giving directions regarding comprehensive investigations of the said conduct, recurrence prevention measures, etc. Ms. Setsuko Egami and Ms. Main Kohda were not Members of the Board of MMC when the improper conduct was committed. However, since they assumed the positions of Member of the Board of MMC, they have fulfilled their responsibilities by making suggestions for internal reforms to be realized at meetings of the Board of Directors, etc. from the standpoint of legal compliance and others.

5. Yusen Logistics Co., Ltd. at which Ms. Setsuko Egami served as an Outside Audit & Supervisory Board Member received an administrative punishment under the Customs Act in January 2017 and under the Customs Business Act in March 2017 on the grounds of making inappropriate report in the customs clearance operations for imported fresh fish in July 2015. She did not recognize the matter of the report in advance. However, she regularly made suggestions at meetings of the Board of Directors, the Audit & Supervisory Board, etc. from the standpoint of legal compliance and others. Since the matter of the report was revealed, she has fulfilled her responsibilities by giving directions regarding comprehensive investigations of the said matter, recurrence prevention measures, etc.
6. Mr. Kiyoshi Sono serves as a Member of the Board of Directors at MUFG Bank, Ltd. Said company has agreed to pay a settlement of 17.85 million GBP to the Bank of England Prudential Regulation Authority (PRA) due to improprieties, such as delays, in its reporting to the PRA regarding the matter of the agreement made between MUFG Bank and the New York State Department of Financial Services in November 2014. The said company has concluded an agreement with the U.S. Office of the Comptroller of the Currency (“OCC”) regarding the implementation of corrective actions regarding a directive received from the OCC for deficiencies in the state of the said company’s internal control relating to the anti-money laundering measures under the U.S. Bank Secrecy Act.
7. Mr. Hideyuki Sakamoto serves as a Director at Nissan Motor Co., Ltd. During the period from September through November 2017 at the said company, matters came to light regarding non-conformities in the final vehicle inspection (lot-by-lot inspection) processes at its manufacturing plants in Japan. In regard to these matters, the said company received process improvement directives from the Ministry of Land, Infrastructure, Transport and Tourism (“MLIT”) on March 26, 2018. Furthermore, in addition to the said matters, during the period from July through December 2018 at the said company, matters came to light regarding non-conformities in the final vehicle inspection (exhaust emissions tests, precision tests and lot-by-lot inspection) processes at its manufacturing plants in Japan. In relation to these matters, Nissan Motor Co., Ltd. received process improvement directives from MLIT on December 19, 2018. Furthermore, on December 10, 2018 and January 11, 2019, former Chairman Carlos Ghosn and former Representative Director Greg Kelly were charged for offenses under the Financial Instruments and Exchange Act (submission of a securities report containing a false statement), and as a result, charges were also brought against the said company. In addition, on January 11 and April 22, 2019, former Chairman Carlos Ghosn was charged for offenses under the Companies Act (aggravated breach of trust). Legal proceedings for all the said charges are ongoing.
8. Mr. Ken Kobayashi currently serves as a Director at Mitsubishi Corporation, a specified affiliated business operator (major trading partner) and has served as such in the past five years.
9. Mr. Hitoshi Kawaguchi currently serves as an Executive Vice President at Nissan Motor Co., Ltd., a specified affiliated business operator (major trading partner) and has served as such in the past five years. Moreover, he has received remuneration as a Senior Vice President at the said company in the last two years, and he plans on receiving remuneration as an Executive Vice President in the future.
10. Mr. Hiroshi Karube currently serves as a Chief Financial Officer at Nissan Motor Co., Ltd., a specified affiliated business operator (major trading partner) and has served as a Corporate Vice President and as a Senior Vice President in the past four years and as a Chief Financial Officer in the past one year. Moreover, he has received remuneration as a Corporate Vice President, Senior Vice

President and Chief Financial Officer at the said company in the past two years, and he plans on receiving remuneration as a Chief Financial Officer in the future.

11. Mr. Hideyuki Sakamoto currently serves as a Director and Executive Vice President at Nissan Motor Co., Ltd., a specified affiliated business operator (major trading partner) and has served as such in the past five years. Moreover, he has received remuneration as a Director and Executive Vice President in the last two years, and he plans on receiving remuneration as an Executive Vice President from June 2019, when he plans to resign as a Director. In addition, he serves as a Chairman at JATCO Ltd, a specified affiliated business operator (the Company's affiliate) and has served as such in the past five years. Moreover, he has served as a Director at NMKV Co., Ltd. (the Company's affiliate) in the past five years.
12. If this proposal is approved, the composition of each committee will be as follows:  
Nomination Committee: Ms. Main Kohda (chairperson), Mr. Ken Kobayashi, Mr. Hitoshi Kawaguchi, Mr. Kenichiro Sasae and Mr. Osamu Masuko  
Compensation Committee: Mr. Shunichi Miyanaga (chairperson), Mr. Hiroshi Karube, Ms. Setsuko Egami, Ms. Main Kohda and Mr. Takao Kato  
Auditor Committee: Ms. Yaeko Takeoka (chairperson), Mr. Yoshitsugu Oba, Mr. Kiyoshi Sono, Ms. Mitsuko Miyagawa and Mr. Kozo Shiraji

The Outside Directors of the Company shall not be any of the following and shall be in a neutral position independent from the Company's management.

1. An executive of a major shareholder<sup>\*1</sup> of the Company
2. An executive of a major business partner<sup>\*2</sup> of the Company, or of a company for which the Company is a major business partner, or the parent company or subsidiary of such a company
3. An executive of a major lender<sup>\*3</sup> to the Company or the parent company or subsidiary of such a company
4. A person affiliated with an auditing firm that conducts statutory audits of the Company
5. A consultant, an accounting professional such as a certified public accountant, or a legal professional such as an attorney-at-law who receives a large amount<sup>\*4</sup> of monetary consideration or other property other than compensation of Members of the Board from the Company (in the event such property is received by a corporation, association or other group, then any person belonging to such group)
6. An executive of a company with which the Company shares a Director
7. An executive of an organization that is receiving a large<sup>\*4</sup> donation or grant from the Company
8. A person to whom any of 1 through 7 has applied during the past 3 years
9. A person with a close relative (second degree of kinship) to whom any of 1 through 7 applies
10. A person whose total period in office as an Outside Director exceeds 8 years
11. Other persons for whom the possibility of a relationship with the Company appears strong under substantive and comprehensive consideration of the situation

\*1 a major shareholder: a shareholder who owns a 10% or greater share of voting rights

\*2 a major business partner: a major client of the Company with annual transactions valued at 2% or more of the Company's consolidated net sales in the most recent fiscal year, or a major supplier to the Company with annual transactions valued at 2% or more of the supplier's consolidated net sales in the most recent fiscal year

\*3 a major lender: a financial institution that provides the Company with loans amounting to 2 % or more of the Company's consolidated net sales at the end of the most recent fiscal year

\*4 large (amount): an amount of consideration received from the Company that is 10 million yen or more



(Attached documents)

## Business Report

(From April 1, 2018 to March 31, 2019)

### 1. Matters regarding the current state of the corporate group

#### (1) Progress and results of the business

The consolidated results of the Mitsubishi Motors Corporation group (the “MMC group”) in the fiscal year under review are as follows.

Sales volume (retail) exceeded previous year in all regions, and grew by 143,000 (13%) year on year to 1,244,000 units. In the key ASEAN region, sales volume (retail) increased by 17% year on year to 318,000 units due to strong sales of the *XPANDER* in Indonesia and the new *Triton* pick-up truck, predominantly in Thailand. Exports of *XPANDER* have been increasing as a result of having boosted production capacity in Indonesia. In Europe, sales volume (retail) across Europe as a whole including Russia and other regions increased by 25% year on year to 236,000 units, driven by robust performance of the *Eclipse Cross* and the *Outlander PHEV* in Europe, and by the *Outlander* in Russia and other regions. In China, due to brisk sales of the locally produced *Outlander*, sales volume (retail) increased by 4% year on year to 162,000 units. Moreover, the MMC group started local production and sales of the *Eclipse Cross* in China. In Japan, sales volume (retail) increased by 7,000 (7%) year on year to 104,000 units, in part due to higher sales of *Outlander PHEV* offering substantially better product appeal, and also due to effects of new automobile sales with respect to the *Eclipse Cross*. In North America, increased sales of the *Eclipse Cross* and *Outlander PHEV* led sales volume (retail) to grow by 17,000 (11%) year on year to 173,000 units. In other regions, sales volume (retail) increased 19,000 (8%) year on year to 250,000 units due to a growth in sales volume (retail) in Australia and other factors.

Consolidated net sales grew by 322.2 billion yen (14%) year on year to 2,514.5 billion yen. Consolidated operating profit grew by 13.6 billion yen (13%) year on year to 111.8 billion yen. Consolidated ordinary profit grew by 9.7 billion yen (8%) year on year to 119.8 billion yen. Consolidated profit (profit attributable to owners of parent) increased by 25.2 billion yen (23%) year on year to 132.8 billion yen.

The following policies were implemented by the MMC group in the fiscal year under review.

<Outline>

In the fiscal year under review, the second year in the three-year mid-term business plan DRIVE FOR GROWTH, MMC set and worked on the three priority goals, “restore trust, which was damaged by the improper conduct in fuel economy testing,” “keep MMC on track for a V-shaped recovery in operating results” and “ensure the successful launch of new models,” aiming to build the foundations for profitable and sustainable growth.

First, with respect to the initiatives to restore trust, MMC has been verifying the effects of the 31 measures to prevent recurrence of improper conduct in fuel economy testing. MMC will continue to verify the effects and take necessary improvement measures to ensure recurrence prevention. MMC reported a status of the verifications to the Ministry

of Land, Infrastructure, Transport and Tourism in Japan on a quarterly basis. In addition, the employee training facility “Ayamachi ni Manabu Kenshushitsu (training room for learning by mistakes)” was established in March, 2018 as a place for relearning and drawing lessons from the series of MMC’s past issues concerning safety and quality since 2000, including the improper conduct in fuel economy testing. The facility has been helping to raise employees’ awareness and prevent the memory of these issues from fading.

Next, for the initiatives towards the V-shaped recovery in operating results and the launch of new models, MMC has first placed a high priority on implementing measures to enhance its competitiveness in the ASEAN region, one of its strengths. Sales remained strong for the *XPANDER*, which was launched in Indonesia in October 2017. Global sales volume exceeded a cumulative total of 130,000 units amid the launches of sales not only in Indonesia, but also in Latin America and Africa, in addition to the Philippines, Thailand and Vietnam. Moreover, having made its global debut in Thailand in November 2018, the new *Triton* has earned high marks from respective national markets given its significantly greater product appeal particularly in terms of employing a 4WD system that delivers improved off-road performance, and the latest accident prevention and driver assistance systems. Subsequent to Thailand, MMC has started to ship the model to Australia, and then intends to launch it successively in the respective ASEAN nations as well as in Latin America, the Middle East and Europe. In Japan, the new *Delica D:5* was launched in February 2019, which was followed by the launch of the new minicar models *eK Wagon* and *eK X* in March, and these will contribute to improvement in the operating results of MMC going forward.

In the fiscal year under review, the Japanese archipelago experienced record intense rainfall, fierce typhoons, and strong earthquakes. Within this, heavy rainfall in July 2018 caused devastating damage, particularly in Kurashiki, where MMC’s Mizushima Plant is located, and this affected some of MMC’s employees, their families, and suppliers. However, the affected suppliers were able to remake equipment and metal molds within a short time frame and restart the supply of components at the same level of quality as before the disaster. As a result, the impact on MMC’s management was minimal. MMC was once again reminded of the support it receives from many stakeholders and will not forget this feeling of gratitude as it continues striving to restore trust and operating results.

Furthermore, as a result of the alliance with Nissan Motor Co., Ltd., an agreement was made in October 2018 to cooperate over spare parts warehousing and distribution in the Kanto region and the joint use of Nissan Motor’s auto spare parts warehouse in Sagami-hara, Kanagawa Prefecture (Sagami-hara Parts Center) and the distribution network spreading from this center across the Kanto region is starting successively. This initiative is part of efforts to converge the after-sales service function and it is expected to create synergies by making space usage, warehouse work, and distribution operations more efficient, as well as reduce costs through joint distribution.

In addition to the efforts above, in the fiscal year under review, MMC reaffirmed its recognition of the importance of SDGs and, based on interviews with experts, identified 15 key CSR issues (materialities) that MMC should engage from among a variety of issues in the fields of environment, society, and governance. A senior manager in the officer class was made responsible for each of the 15 materialities. Going forward, in order to respond to changes in the business environment and realize the new potential of mobility, MMC is prepared and determined to contribute to the creation of a sustainable society through business activities that reflect MMC’s core values.

The previous fiscal year was a milestone year that marks the 100th year since Mitsubishi started making automobiles, and MMC established the new brand message, “Drive your Ambition,” which was renewed after 10 years. Motorized society is entering a new period of reform that will make society safer, more secure and more convenient than ever before. To welcome this new era, MMC will hone the technologies it has accumulated to date and provide new value to take the lead in a new era and usher in a bountiful motorized society.

### **(2) State of capital expenditure**

The MMC group invested a total of 137.7 billion yen as capital expenditure in the fiscal year under review, mainly as a result of investment in development equipment and production equipment for new products and technologies.

### **(3) State of financing**

The necessary funds for the fiscal year under review were covered mainly with cash reserves. Due to loans by consolidated subsidiaries for working capital and capital expenditure, the balance of loans payable of MMC group as of March 31, 2019 is now 228.7 billion yen.

### **(4) Issues to be addressed**

MMC’s recognition of management issues based on recent changes to the business environment and approach to the next mid-term business plan are as below.

The current business environment around MMC is growing increasingly severe. This is because, in addition to the negative impact of exchange rates, there has been a massive increase in investment in the research and development of a next generation of vehicles that can respond to strict environmental regulations and technological innovation known as CASE (Connected, Autonomous, Shared, and Electric). This anticipatory investment is increasing fixed costs which, when combined with the headwind created by a slowdown in the global economy, is creating a squeeze on profits that is affecting the entire automobile industry.

Amid a situation where the cost of developing each individual model is increasing, it has naturally become necessary to be more selective of which models are developed. Also, to strengthen product appeal, investment in production equipment is required in addition to research and development, but in this regard MMC will need to control the increase of fixed costs by using existing equipment as much as possible and carefully selecting where to invest so that it will not unnecessarily increase production capabilities on the broad scale. In other words, adopting a strategy that aims to expand in every direction on a companywide scale is not realistic.

In order to secure a sound and sustainable growth track that is in accordance with profitability amid this harsh business environment, MMC’s basic strategy is to concentrate its limited management resources in regions in which it has strengths and in segments in which it is competitive and can be well received by customers. Rather than pursuing “expansion” and “growth,” MMC will prioritize “increasing competitiveness” and “renewal,” and will aim to become a beacon for being small-scale but profitable.

MMC believes that aiming for a sound growth track that is balanced with investment without rushing to expand in scale is the best option for the current times. This approach is reflected in “Small but Beautiful,” which will be the concept of the next mid-term business plan that will start from FY2020, and verification is underway of specific strategies aimed at achieving both increased profitability and sustainable growth. MMC thinks that FY2019 will be a year that has an important role to play as a “run-up period,” which includes making early strategy revisions in preparation for the next mid-term business plan.

In March 2019, MMC and its alliance partners Renault and Nissan Motor Co., Ltd. announced the establishment of a meeting body called the Alliance Operating Board. From the perspective of MMC, the smaller alliance partner, it is clearly important to make effective use of the power of the alliance. Looking ahead, we will foster a “Win-Win Approach” through consultation between the three companies in this Alliance Operating Board, as we seek to maintain and develop mutual relationships.

In order for MMC to carry out its corporate mission of “act sincerely as a trusted company,” and gain acceptance for its next mid-term business plan aiming for a sound and sustainable growth track through “trust” from stakeholders, including all shareholders and customers, it is crucial that this “trust” is backed up with a robust governance framework.

In the fiscal year under review, former MMC Representative Director and Chairman of the Board Carlos Ghosn was arrested on suspicion of violating Japan’s Financial Instruments and Exchange Act and Companies Act. The result of an internal investigation carried out following this incident revealed that Mr. Ghosn improperly received a monetary payment as “Managing Director’s remuneration” from Nissan-Mitsubishi B. V. (“NMBV”), a subsidiary in the Netherlands which MMC and Nissan Motor Co., Ltd. established on a 50-50 basis. No actions that could be suspected of being improper were discovered in relation to MMC and companies related to MMC other than NMBV, and MMC is taking the fact that this happened very seriously.

In order to regain the “trust” of stakeholders, including all shareholders and customers, and realize a sound and sustainable growth, MMC has decided to transition to a company with three committees, subject to the approval at the Ordinary General Meeting of Shareholders to be held in June 2019. By doing this, MMC aims to clearly define the separation of supervision and business execution as well as further strengthen supervision and thoroughly manage risks to ensure soundness and transparency in corporate management.

**(5) Financial position and operating results**

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Net sales <i>(In millions of yen)</i>	2,267,849	1,906,632	2,192,389	2,514,594
Operating profit <i>(In millions of yen)</i>	138,377	5,118	98,201	111,815
Ordinary profit <i>(In millions of yen)</i>	141,027	8,944	110,127	119,850
Profit attributable to owners of parent <i>(In millions of yen)</i>	72,575	(198,524)	107,619	132,871
Earnings per share <i>(In yen)</i>	73.80	(164.11)	72.23	89.26
Net assets <i>(In millions of yen)</i>	685,337	703,463	796,562	881,203
Stockholders' equity per share <i>(In yen)</i>	682.45	463.37	524.12	585.75
Total assets <i>(In millions of yen)</i>	1,433,725	1,484,413	1,655,299	2,010,309

- (Notes)
1. Earnings per share is calculated using the number of shares after deduction of the average number of treasury shares during each fiscal year from the average number of issued shares during each fiscal year.
  2. Stockholders' equity per share is calculated using the number of shares after deduction of the number of treasury shares at each fiscal year end from the total number of issued shares at each fiscal year end.

**(6) Major subsidiaries (As of March 31, 2019)**

Company Name	Location	Capital stock (In millions)	Ownership (%)	Business Lines
Hokkaido Mitsubishi Motor Sales Co., Ltd.	Hokkaido	JPY 100	100.00	Automobile sales
Higashi Nihon Mitsubishi Motor Sales Co., Ltd. (Note 1)	Fukushima	JPY 100	100.00	Automobile sales
Kanto Mitsubishi Motor Sales Co., Ltd. (Note 1)	Tokyo	JPY 100	100.00	Automobile sales
Chubu Mitsubishi Motor Sales Co., Ltd.	Aichi	JPY 100	100.00	Automobile sales
Nishi Nihon Mitsubishi Motor Sales Co., Ltd.	Osaka	JPY 100	100.00	Automobile sales
Mitsubishi Automotive Logistics Technology Co., Ltd.	Kanagawa	JPY 436	83.24	Automobile transport, maintenance and sales of parts
Pajero Manufacturing Co., Ltd.	Gifu	JPY 610	100.00	Automobile manufacture
Suiryo Plastics Co., Ltd.	Okayama	JPY 100	100.00	Manufacture of automobile parts
Mitsubishi Automotive Engineering Co., Ltd.	Aichi	JPY 350	100.00	Automobile engineering
MMC Diamond Finance Corp. (Note 2)	Tokyo	JPY 3,000	100.00	Auto sales financing
Mitsubishi Motors North America, Inc.	U.S.A.	USD 398	100.00	Automobile sales
Mitsubishi Motors Europe B.V.	Netherlands	EUR 107	100.00	Automobile sales
Mitsubishi Motors (Thailand) Co., Ltd.	Thailand	THB 7,000	100.00	Automobile manufacturing, sales
Mitsubishi Motors Australia, Ltd.	Australia	AUD 1,789	100.00	Automobile sales
Mitsubishi Motors Philippines Corp. (Note 3)	Philippines	PHP 1,640	100.00	Automobile manufacturing, sales
PT Mitsubishi Motors Krama Yudha Indonesia	Indonesia	IDR 2,200,000	51.00	Automobile sales

- (Notes) 1. Kanto Mitsubishi Motor Sales Co., Ltd. implemented absorption-type merger with Higashi Nihon Mitsubishi Motor Sales Co., Ltd. and changed its company name to Higashi Nihon Mitsubishi Motor Sales Co., Ltd. as of April 1, 2019.
2. MMC made MMC Diamond Finance Corp. a wholly-owned subsidiary as of April 2, 2018.
3. MMC made Mitsubishi Motors Philippines Corp. a wholly-owned subsidiary as of June 1, 2018.

**(7) Major businesses (As of March 31, 2019)**

The major businesses of the MMC group are engineering, manufacturing and sales of automobiles and automobile parts. MMC group's major products are as follows:

(i) SUVs and pickup trucks

*RVR/Outlander Sport/ASX, Eclipse Cross, Outlander, Outlander PHEV, Triton/L200/L200 Sportero/Strada\*, Pajero/Montero, Pajero Sport/Montero Sport\**

(ii) Passenger cars, minivan

*Attrage/Mirage G4\*, Delica D:2, Delica D:3, Delica D:5, Delica Van, Mirage/Space Star, Lancer Cargo, XPANDER\**

(iii) Minicars

*i-MiEV, eK Space, eK Wagon, eK X, Townbox, Minicab Truck, Minicab Van, MINICAB-MiEV*

(Notes) 1. All multiple model names separated by a slash represent one single model. Underlined names are those used solely outside Japan.

2. Those marked with asterisks (\*) are vehicle models that are exclusively available outside Japan.

**(8) Major offices, research & development centers, plants, etc. (As of March 31, 2019)**

(a) MMC

Head Office	Minato-ku, Tokyo
Research & Development Center	Okazaki, Aichi
EV Research & Development Center	Okazaki, Aichi
Kyoto Research & Development Center	Kyoto, Kyoto
Tokachi Research & Development Center	Kato-gun, Hokkaido
Okazaki Plant	Okazaki, Aichi
Mizushima Plant	Kurashiki, Okayama
Kyoto Plant	
Kyoto Plant–Kyoto	Kyoto, Kyoto
Kyoto Plant–Shiga	Konan, Shiga
Design Center	Okazaki, Aichi
Tokyo Design	Minato-ku, Tokyo

(b) Subsidiaries

Subsidiaries are as presented in “1. (6) Major subsidiaries.”

**(9) Employees (As of March 31, 2019)**

Number of Employees: 31,314 persons

(Notes) 1. The number of employees is the number of employees currently on duty (excluding individuals seconded from MMC group to other companies and including individuals seconded to MMC group from other outside companies). Employees at unconsolidated subsidiaries are not included.

2. The number of employees does not include temporary employees (temporary contract employees, part-time employees, fixed-term employees, dispatched employees, etc.).

**(10) Major lenders (As of March 31, 2019)**

The status of MMC's consolidated borrowings at the end of the fiscal year under review is as follows.

(Status of consolidated borrowings)

Lender Name	Balance of Borrowings
MUFG Bank, Ltd.	15,313 million yen
Mizuho Bank, Ltd.	10,875
Sumitomo Mitsui Banking Corporation	9,500

(Note) Because MMC Diamond Finance Corp. was made a consolidated subsidiary on April 2, 2018, the above borrowings became part of MMC's consolidated borrowings.

For the purpose of raising working capital in a steady and efficient manner, MMC entered into a commitment line agreement on a credit limit of 150,000 million yen with a syndicate of financial institutions lead-managed by MUFG Bank, Ltd. MMC terminated this agreement as of March 31, 2019, and newly entered into a commitment line agreement, which came into effect on April 1, 2019, on a credit limit of 150,000 million yen with a syndicate of financial institutions lead-managed by MUFG Bank, Ltd.

(Status of the commitment line agreement)

Bank Name	Maximum Borrowing Limit
MUFG Bank, Ltd.	60,000 million yen
Mizuho Bank, Ltd.	20,000
Sumitomo Mitsui Banking Corporation	20,000
Bangkok Bank Public Company Limited	11,500
Others (15 banks)	38,500
Total	150,000



## 2. Stock of MMC (As of March 31, 2019)

### (1) Total number of issuable shares

1,575,000,000 shares

### (2) Total number of issued shares

1,490,282,496 shares (no change from the end of the previous fiscal year)

### (3) Number of shareholders

257,179 persons (decreased by 12,343 persons from the end of the previous fiscal year)

### (4) Major shareholders

Name of Shareholder	Number of Shares	Ratio of Shareholding
Nissan Motor Co., Ltd.	506,620,577 shares	34.03%
MAI Corporation	160,329,338	10.77
Mitsubishi Corporation	137,682,876	9.25
The Master Trust Bank of Japan, Ltd. (Trust account)	34,258,300	2.30
Japan Trustee Services Bank, Ltd. (Trust account)	31,879,100	2.14
Mitsubishi Heavy Industries, Ltd.	21,572,455	1.44
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	16,439,600	1.10
Japan Trustee Services Bank, Ltd. (Trust account 9)	14,916,200	1.00
MUFG Bank, Ltd.	14,877,512	0.99
Japan Trustee Services Bank, Ltd. (Trust account 5)	14,520,700	0.97

(Note) The above ratios of shareholding have been calculated excluding treasury shares (1,969,401 common stock).

### 3. Members of the Board and Audit & Supervisory Board Members

#### (1) Members of the Board and Audit & Supervisory Board Members (As of March 31, 2019)

Position	Name	Responsibility and Important Concurrent Positions
Chairman of the Board (Representative Director)	Osamu Masuko	CEO
Member of the Board (Outside Director)	Shunichi Miyanaga	Member of the Board, President, CEO, Mitsubishi Heavy Industries, Ltd.
Member of the Board (Outside Director)	Ken Kobayashi	Chairman of the Board, Mitsubishi Corporation Outside Director, NISSIN FOODS HOLDINGS CO., LTD. Outside Director (Member of the Board), Mitsubishi Heavy Industries, Ltd.
Member of the Board (Outside Director)	Hitoshi Kawaguchi	Senior Vice President, CSO, Nissan Motor Co., Ltd.
Member of the Board (Outside Director)	Hiroshi Karube	Chief Financial Officer, Nissan Motor Co., Ltd.
Member of the Board (Outside Director)	Setsuko Egami	Professor, Graduate School of Humanities, Musashi University Professor, Faculty of Sociology, Musashi University Outside Director, Mitsubishi Estate Co., Ltd.
Member of the Board (Outside Director)	Main Kohda	Novelist Outside Director, Japan Tobacco Inc. Outside Director, LIXIL Group Corporation Outside Director, Japan Exchange Group
Member of the Board	Carlos Ghosn	Director, Nissan Motor Co., Ltd. Director, Renault
Audit & Supervisory Board Member (Full-time)	Kozo Shiraji	
Audit & Supervisory Board Member (Full-time)	Yoshikazu Nakamura	
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Katsunori Nagayasu	Senior Advisor, MUFG Bank, 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
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Yaeko Takeoka	Attorney at Law, Kohwa Sohgo Law Offices Outside Audit & Supervisory Board Member, AGC Inc.
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Yoshitsugu Oba	Supervisory Director, Advance Residence Investment Corporation

- (Notes)
1. Mr. Katsunori Nagayasu, Audit & Supervisory Board Member, has a wealth of experience accumulated over many years at financial institutions and extensive knowledge in finance and accounting.
  2. Mr. Yoshitsugu Oba, Audit & Supervisory Board Member, holds a certificate of certified public accountant and has an extensive knowledge in finance and accounting.
  3. As of March 28, 2019, Ms. Yaeko Takeoka, Audit & Supervisory Board Member, assumed the position of Outside Audit & Supervisory Board Member at AGC Inc.
  4. MMC has submitted notifications, specifying Ms. Setsuko Egami and Ms. Main Kohda, each Member of the Board and Ms. Yaeko Takeoka and Mr. Yoshitsugu Oba, each Audit & Supervisory

- Board Member as an independent director or an independent auditor, to Tokyo Stock Exchange, Inc.
5. On and after April 1, 2019, the title and responsibility of some Members of the Board were changed as follows:

Name	Changes made after April 1, 2019
Shunichi Miyanaga	Chairman of the Board, Mitsubishi Heavy Industries, Ltd. (April 1, 2019)
Hitoshi Kawaguchi	Executive Vice President, Nissan Motor Co., Ltd. (May 16, 2019)
Carlos Ghosn	Dismissed as Director, Nissan Motor Co., Ltd. (April 8, 2019)

## (2) Compensation of Members of the Board and Audit & Supervisory Board Members

- (a) Total amount of compensation for the fiscal year under review  
(A year from April 1, 2018 to March 31, 2019)

Classification	Base Compensation		Performance-based Compensation		Stock Options	
	Number of Payees	Amount of Compensation	Number of Payees	Amount of Compensation	Number of Payees	Amount of Compensation
Member of the Board (of which, Outside Director)	13 persons (8)	307 million yen (90)	4 persons (0)	193 million yen (0)	5 persons (0)	249 million yen (0)
Audit & Supervisory Board Member (of which, Outside Audit & Supervisory Board Member)	6 (4)	101 (48)	0 (0)	0 (0)	0 (0)	0 (0)
Total	19	408	4	193	5	249

- (Notes)
- The above number of payees includes five (5) Members of the Board (including two (2) Outside Directors) and one (1) Audit & Supervisory Board Member (including one (1) Outside Audit & Supervisory Board Member) who retired from their positions at the conclusion of the 49th Ordinary General Meeting of Shareholders held on June 22, 2018.
  - The monetary compensation consists of base compensation and performance-based compensation, and the maximum amount of monetary compensation for Members of the Board was set at 2 billion yen per year (including a maximum of 200 million yen for Outside Directors). In addition, 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. (Resolution at the Extraordinary Shareholders Meeting held on December 14, 2016)
  - The maximum amount of compensation for Audit & Supervisory Board Members was set at 10 million yen per month. (Resolution at the 45th Ordinary General Meeting of Shareholders held on June 25, 2014)
  - Performance-based compensation is the amount paid based on business results achieved in FY2017.
  - Stock Options shown in the table above are the amounts that were posted as expenses for the fiscal year under review. Furthermore, the stock options that have already been allocated to Carlos Ghosn, Member of the Board, shall be terminated with the expiration of his term of office at the conclusion of this Ordinary General Meeting of Shareholders. The above figures show the number of payees and the amount of compensation prior to the termination, and after the termination, the number of payees will become 4 and the amount of compensation 121 million yen.

- (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 or the calculation method

Since the resolution passed at the Extraordinary Shareholders Meeting held on December 14, 2016, the authority to decide the allocation and amount of compensation for Members of the Board has been delegated to the Chairman of the Board within the framework of the approach and amounts approved at that Extraordinary Shareholders Meeting.

To ensure the transparency and objectivity of the procedures relating to decisions on the compensation of Members of the Board and Audit & Supervisory Board, on December 17, 2018, MMC established a voluntary Nomination and Compensation Committee as an advisory body to the Board of Directors. The majority of the Committee members are Outside Directors, and an Outside Director serves as the Committee's Chairman. The Committee deliberates overall compensation-related items including the basic policy, levels, structure, and performance-based compensation schemes regarding compensation for Members of the Board, Executive Officers and others considering the future direction of business, formulates plans for new compensation systems, and provides reports and recommendations to the Board of Directors on the process and results of those deliberations.

Following its transition to a company with three committees by the resolution at this Ordinary General Meeting of Shareholders, MMC aims to create even more robust corporate governance and continue deliberations on overall compensation-related items at the Compensation Committee.

The policy for determining the amount and calculation method for the compensation for Members of the Board and Audit & Supervisory Board Members in the fiscal year under review is as follows.

(i) Compensation for Members of the Board

Compensation provided to MMC's Members of the Board is composed of base compensation, performance-based compensation, and equity-linked compensation. The goal of this is to strive for sustained improvement of corporate value, while sharing value with shareholders, and to secure skilled professionals including those from outside the company and overseas. The levels and composition ratio of compensation are determined according to the individual contributions of the Members of the Board and Audit & Supervisory Board Members to, among other things, corporate results, while referencing the results of a compensation study performed by external experts.

Authority to decide the amount of base compensation has been delegated to the Chairman of the Board as stated above through a resolution of the Board of Directors and the Chairman of the Board decided the amount while referencing the results of a compensation study performed by external experts.

Regarding the indicators for determining performance-based compensation, in addition to consolidated operating profit and consolidated free cash flow, which are used as business performance indicators, quality control indicators that incorporate the customers' viewpoint are also used.

Specifically, in regard to consolidated operating profit, in order to firmly achieve a target amount of 110.0 billion yen, a framework has been established in which a higher target amount of 115.0 billion yen is set as a performance-based compensation indicator and performance-based compensation is paid. In the fiscal year under review, the actual consolidated operating profit achieved was 111.8 billion yen. In regard to consolidated free cash flow, a target amount of 30 billion yen was set, and a framework was established in which the amount of performance-based compensation changes in line with the degree to which this target is attained. The actual consolidated free cash flow achieved was 34.0 billion yen. In regard to quality control indicators, the ratio at which vehicles were received for repairs under warranty within three months of being purchased was set as an indicator and the target amount for this was achieved. In the fiscal year under review, performance-based compensation is planned to be paid based on the degree of attainment stated above in relation to the target amount for each indicator.

Stock options were allocated for equity-linked compensation. The Chairman of the Board determined, based

on resolutions of the Board of Directors, the number of stock options allocated in 2017 and 2018 linked to the level of achievement of, among other things, performance targets based on resolutions of the Board of Directors at the time the stock options were allocated within the framework determined by a resolution of an Extraordinary Shareholders Meeting held on December 14, 2016.

(ii) Compensation for Outside Directors

Considering their role in supervising overall execution from a position independent of business execution, MMC shall not increase or decrease the amount of compensation for Outside Directors based on the addition of performance-based compensation or the reflection of individual performance and Outside Directors shall receive only base compensation.

(iii) Compensation for Audit & Supervisory Board Members

Individual compensation for Audit & Supervisory Board Members is determined through discussions among the Audit & Supervisory Board Members within that framework. Furthermore, because Audit & Supervisory Board Members are responsible for management oversight and supervisory functions from an independent position, Audit & Supervisory Board Members shall receive only base compensation.

While maintaining the basic framework for compensation for Members of the Board (excluding Outside Directors) in FY 2019, composed of base compensation, performance-based compensation, and equity-linked compensation (stock options), the Nomination and Compensation Committee deliberated and revised compensation while continuing to reference the results of a compensation study performed by external experts. Specifically, based on a revision of the balance between base compensation and performance-based compensation, the evaluation indicators, performance targets, and payout ratios for performance-based compensation were revised. Furthermore, to ensure sufficient transparency and objectivity in stock options, the Nomination and Compensation Committee revised and set performance evaluation indicators linked to stock options and appropriate standard amounts.

Furthermore, the policy for compensation for Outside Directors and Audit & Supervisory Board Members shall be the same as that in the fiscal year under review.

Regarding the compensation system after the transition to a company with three committees following approval at this Ordinary General Meeting of Shareholders, we plan to hold deliberations at the Compensation Committee and make sweeping revisions.

**(3) Outside Directors and Outside Audit & Supervisory Board Members**

(a) Relationships between MMC and entities where Outside Directors and Outside Audit & Supervisory Board Members hold important concurrent positions (As of March 31, 2019)

Classification	Name	Important Concurrent Positions	Relations with MMC
Member of the Board	Shunichi Miyanaga	Member of the Board, President, CEO, Mitsubishi Heavy Industries, Ltd.	Purchase of parts, etc.
	Ken Kobayashi	Chairman of the Board, Mitsubishi Corporation	Sale of automobiles outside Japan, etc.
		Outside Director, NISSIN FOODS HOLDINGS CO., LTD.	No notable relations
		Outside Director (Member of the Board), Mitsubishi Heavy Industries, Ltd.	Purchase of parts, etc.
	Hitoshi Kawaguchi	Senior Vice President, CSO, Nissan Motor Co., Ltd.	OEM supply of automobiles, etc.
	Hiroshi Karube	Chief Financial Officer (CFO), Nissan Motor Co., Ltd.	OEM supply of automobiles, etc.
	Setsuko Egami	Professor, Graduate School of Humanities, Musashi University	No notable relations
		Professor, Faculty of Sociology, Musashi University	No notable relations
		Outside Director, Mitsubishi Estate Co., Ltd.	Lending and borrowing of real estate
	Main Kohda	Novelist	No notable relations
		Outside Director, Japan Tobacco Inc.	No notable relations
		Outside Director, LIXIL Group Corporation	No notable relations
		Outside Director, Japan Exchange Group	No notable relations
	Audit & Supervisory Board Member	Katsunori Nagayasu	Senior Advisor, MUFG Bank, Ltd.
Audit & Supervisory Board Member, NIPPON STEEL & SUMITOMO METAL CORPORATION			Purchase of automobile steel-plate products, etc.
Outside Director, Isetan Mitsukoshi Holdings Ltd.			No notable relations
Outside Director, Kirin Holdings Company, Limited			No notable relations
Outside Director, Mitsubishi Electric Corporation			Purchase of parts, etc.
Yaeko Takeoka		Attorney at Law, Kohwa Sohgo Law Offices	No notable relations
		Outside Audit & Supervisory Board Member, AGC Inc.	Purchase of parts, etc.
Yoshitsugu Oba		Supervisory Director, Advance Residence Investment Corporation	No notable relations

## (b) Principal activities

Classification	Name	Principal Activities
Member of the Board	Shunichi Miyanaga	He attended 12 out of 13 meetings of the Board of Directors held during the fiscal year under review, and expressed his opinions from his standpoint as an experienced corporate manager.
	Ken Kobayashi	He attended all 13 meetings of the Board of Directors held during the fiscal year under review, and expressed his opinions from his standpoint as an experienced corporate manager.
	Hitoshi Kawaguchi	He attended 12 out of 13 meetings of the Board of Directors held during the fiscal year under review, and expressed his opinions based on his considerable insight and experience concerning the automotive business.
	Hiroshi Karube	He attended 12 out of 13 meetings of the Board of Directors held during the fiscal year under review, and expressed his opinions based on his considerable insight and experience concerning the automotive business.
	Setsuko Egami	Since she assumed the position in June 2018, she attended 9 out of 10 meetings of the Board of Directors held during the fiscal year under review, and expressed her opinions based on her considerable insight concerning corporate strategy, marketing strategy, and human resource development.
	Main Kohda	Since she assumed the position in June 2018, she attended all 10 meetings of the Board of Directors held during the fiscal year under review, and expressed her opinions based on her keen acumen and an objective perspective as a writer in addition to deep insight concerning international finance.
Audit & Supervisory Board Member	Katsunori Nagayasu	He attended 11 out of 13 meetings of the Board of Directors and 12 out of 14 meetings of the Audit & Supervisory Board held during the fiscal year under review, and expressed his opinions from his standpoint as an experienced corporate manager.
	Yaeko Takeoka	She attended 12 out of 13 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board held during the fiscal year under review, and expressed her opinions from her professional standpoint as an attorney at law.
	Yoshitsugu Oba	He attended all 13 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board held during the fiscal year under review, and expressed his opinions from his professional standpoint as an accountant.

(Note) With regard to the conduct brought to light in May 2018 which related to a situation where some of the foreign technical interns at the Okazaki Plant of MMC had not received technical training in accordance with the technical intern training plan certified by the Organization for Technical Intern Training, MMC had its certification for the technical intern training plan revoked and received an order for improvement under the Act on Proper Technical Intern Training and Protection of Technical Intern Trainees in January 2019. Mr. Shunichi Miyanaga, Mr. Ken Kobayashi, Mr. Hitoshi Kawaguchi and Mr. Hiroshi Karube, and Audit & Supervisory Members, Mr. Katsunori Nagayasu, Ms. Yaeko Takeoka and Mr. Yoshitsugu Oba did not recognize the matter of the improper conduct in advance. However, they regularly made suggestions for internal reforms to be realized at meetings of the Board of Directors, etc. from the standpoint of legal compliance and others. Since the matter of the improper conduct was revealed, they have fulfilled their responsibilities by giving directions regarding comprehensive investigations of said conduct, recurrence prevention measures, etc. Ms. Setsuko Egami and Ms. Main Kohda were not members of the Board of MMC when the improper conduct was committed. However, since they assumed the positions of Member of the Board of MMC, they have fulfilled their responsibilities by making suggestions for internal reforms to be realized at meetings of the Board of Directors, etc. from the standpoint of legal compliance and others.

(c) Outline of contracts for limitation of liability

MMC has concluded agreements with all Outside Directors and all Outside Audit & Supervisory Board Members limiting their liability for damages to the higher of 7 million yen or the minimum amount of liability stipulated in Article 425, Paragraph 1 of the Companies Act for the damages stipulated in Article 423, Paragraph 1 of the same Act.



**Consolidated Financial Statements**

**Consolidated Balance Sheet**

(As of March 31, 2019)

*(In millions of yen)*

<b>Assets</b>		<b>Liabilities and net assets</b>	
<b>(Assets)</b>	<b>2,010,309</b>	<b>(Liabilities)</b>	<b>1,129,105</b>
<b>Current assets</b>	<b>1,280,457</b>	<b>Current liabilities</b>	<b>923,267</b>
Cash and deposits	500,924	Notes and accounts payable – trade	391,785
Notes and accounts receivable – trade	126,398	Electronically recorded obligations – operating	50,311
Finance receivables	294,423	Short-term loans payable	44,419
Merchandise and finished goods	175,052	Commercial papers	50,800
Work in process	18,553	Current portion of long-term loans payable	50,377
Raw materials and supplies	40,803	Lease obligations	777
Short-term loans receivable	681	Accounts payable – other and accrued expenses	196,695
Other	125,410	Income taxes payable	11,352
Allowance for doubtful accounts	(1,790)	Provision for product warranties	48,915
<b>Non-current assets</b>	<b>729,852</b>	Provision for loss on fuel consumption test	3,758
<b>Property, plant and equipment</b>	<b>452,517</b>	Other	74,072
Buildings and structures	106,095	<b>Non-current liabilities</b>	<b>205,838</b>
Machinery, equipment and vehicles	131,431	Long-term loans payable	83,122
Tools, furniture and fixtures	61,482	Lease obligations	1,499
Land	116,201	Deferred tax liabilities	20,018
Construction in progress	37,306	Net defined benefit liability	51,615
<b>Intangible assets</b>	<b>39,786</b>	Other	49,582
Intangible assets	39,786	<b>(Net assets)</b>	<b>881,203</b>
<b>Investments and other assets</b>	<b>237,548</b>	<b>Shareholders' equity</b>	<b>945,818</b>
Investment securities	93,328	Capital stock	284,382
Long-term loans receivable	5,115	Capital surplus	200,072
Net defined benefit asset	5,033	Retained earnings	463,092
Deferred tax assets	58,772	Treasury shares	(1,728)
Other	81,724	<b>Accumulated other comprehensive income</b>	<b>(74,033)</b>
Allowance for doubtful accounts	(6,426)	Valuation difference on available-for-sale securities	7,353
		Deferred gains or losses on hedges	652
		Foreign currency translation adjustment	(61,281)
		Remeasurements of defined benefit plans	(20,758)
		<b>Share acquisition rights</b>	<b>356</b>
		<b>Non-controlling interests</b>	<b>9,062</b>
<b>Total</b>	<b>2,010,309</b>	<b>Total</b>	<b>2,010,309</b>

**Consolidated Statement of Income**  
(From April 1, 2018 to March 31, 2019)

*(In millions of yen)*

<b>Net sales</b>	<b>2,514,594</b>
<b>Cost of sales</b>	<b>2,057,340</b>
<b>Gross profit</b>	<b>457,254</b>
<b>Selling, general and administrative expenses</b>	<b>345,439</b>
<b>Operating profit</b>	<b>111,815</b>
<b>Non-operating income</b>	<b>26,694</b>
Interest and dividend income	6,692
Share of profit of entities accounted for using equity method	17,005
Other	2,996
<b>Non-operating expenses</b>	<b>18,659</b>
Interest expenses	3,709
Foreign exchange losses	6,909
Litigation expenses	1,996
Other	6,043
<b>Ordinary profit</b>	<b>119,850</b>
<b>Extraordinary income</b>	<b>4,877</b>
Gain on sales of non-current assets	656
Gain on sales of investment securities	1
Reversal of provision for loss on fuel consumption test	2,922
Gain on step acquisitions	1,081
Other	216
<b>Extraordinary losses</b>	<b>6,376</b>
Loss on retirement of non-current assets	2,508
Impairment loss	854
Loss on disaster	2,216
Other	795
<b>Profit before income taxes</b>	<b>118,352</b>
Income taxes – current	22,576
Income taxes for prior periods	(761)
Income taxes – deferred	(38,458)
<b>Profit</b>	<b>134,996</b>
Profit attributable to non-controlling interests	2,124
<b>Profit attributable to owners of parent</b>	<b>132,871</b>

**Non-Consolidated Financial Statements**

**Balance Sheet**

(As of March 31, 2019)

*(In millions of yen)*

<b>Assets</b>		<b>Liabilities and net assets</b>	
<b>(Assets)</b>	<b>1,114,419</b>	<b>(Liabilities)</b>	<b>519,551</b>
<b>Current assets</b>	<b>558,532</b>	<b>Current liabilities</b>	<b>493,502</b>
Cash and deposits	153,918	Electronically recorded obligations – operating	49,408
Accounts receivable – trade	178,025	Accounts payable – trade	284,694
Finished goods	36,281	Lease obligations	665
Work in process	17,312	Accounts payable – other	91,788
Raw materials and supplies	16,273	Accrued expenses	7,408
Prepaid expenses	2,308	Income taxes payable	1,078
Short-term loans receivable	79,583	Deposits received	13,466
Accounts receivable – other	62,796	Provision for product warranties	25,732
Other	13,187	Provision for loss on fuel consumption test	3,758
Allowance for doubtful accounts	(1,155)	Other	15,502
<b>Non-current assets</b>	<b>555,886</b>	<b>Non-current liabilities</b>	<b>26,048</b>
<b>Property, plant and equipment</b>	<b>250,330</b>	Lease obligations	1,121
Buildings	54,029	Guarantee deposits received	1,643
Structures	7,085	Provision for retirement benefits	9,503
Machinery and equipment	51,606	Asset retirement obligations	3,368
Vehicles	1,784	Long-term accounts payable – other	4,475
Tools, furniture and fixtures	39,711	Other	5,936
Land	70,109	<b>(Net assets)</b>	<b>594,867</b>
Construction in progress	26,001	<b>Shareholders' equity</b>	<b>587,231</b>
<b>Intangible assets</b>	<b>34,424</b>	<b>Capital stock</b>	<b>284,382</b>
Intangible assets	34,424	<b>Capital surplus</b>	<b>203,938</b>
<b>Investments and other assets</b>	<b>271,131</b>	Capital reserve	118,680
Investment securities	24,376	Other capital surplus	85,257
Subsidiaries and affiliates' stocks	189,205	<b>Retained earnings</b>	<b>100,638</b>
Long-term loans receivable	7,532	Legal reserve	5,605
Investments in capital of subsidiaries and affiliates	16,393	Other retained earnings	95,032
Guarantee deposits	5,926	Retained earnings brought forward	95,032
Long-term prepaid expenses	14,853	<b>Treasury shares</b>	<b>(1,728)</b>
Deferred tax assets	8,238	<b>Valuation and translation adjustments</b>	<b>7,280</b>
Other	5,790	<b>Valuation difference on available-for-sale securities</b>	<b>7,280</b>
Allowance for doubtful accounts	(1,186)	<b>Share acquisition rights</b>	<b>356</b>
<b>Total</b>	<b>1,114,419</b>	<b>Total</b>	<b>1,114,419</b>

**Statement of Income**

(From April 1, 2018 to March 31, 2019)

*(In millions of yen)*

<b>Net sales</b>	<b>1,999,428</b>
<b>Cost of sales</b>	<b>1,761,140</b>
<b>Gross profit</b>	<b>238,288</b>
<b>Selling, general and administrative expenses</b>	<b>227,651</b>
<b>Operating profit</b>	<b>10,636</b>
<b>Non-operating income</b>	<b>67,483</b>
Interest and dividend income	65,164
Other	2,318
<b>Non-operating expenses</b>	<b>13,807</b>
Interest expenses	86
Foreign exchange losses	6,883
Other	6,837
<b>Ordinary profit</b>	<b>64,312</b>
<b>Extraordinary income</b>	<b>3,042</b>
Gain on sales of non-current assets	107
Reversal of provision for loss on fuel consumption test	2,922
Other	12
<b>Extraordinary losses</b>	<b>4,697</b>
Loss on retirement of non-current assets	2,103
Loss on disaster	2,049
Other	544
<b>Profit before income taxes</b>	<b>62,658</b>
Income taxes – current	3,472
Income taxes – deferred	4,435
<b>Profit</b>	<b>54,750</b>

## English Translation of Independent Auditor's Report on the Consolidated Financial Statements

### Independent Auditor's Report

May 15, 2019

The Board of Directors

MITSUBISHI MOTORS CORPORATION

Ernst & Young ShinNihon LLC

Yoji Murohashi  
Certified Public Accountant  
Designated and Engagement Partner

Tomohiro Mizuno  
Certified Public Accountant  
Designated and Engagement Partner

Takeshi Saida  
Certified Public Accountant  
Designated and Engagement Partner

Taichi Muto  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of MITSUBISHI MOTORS CORPORATION (the "Company") applicable to the fiscal year from April 1, 2018 through March 31, 2019.

#### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of 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 based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

#### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the MITSUBISHI MOTORS CORPORATION Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2019 in conformity with accounting principles generally accepted in Japan.

*Conflicts of Interest*

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

## English Translation of Independent Auditor's Report on the Financial Statements

### Independent Auditor's Report

May 15, 2019

The Board of Directors

MITSUBISHI MOTORS CORPORATION

Ernst & Young ShinNihon LLC

Yoji Murohashi  
Certified Public Accountant  
Designated and Engagement Partner

Tomohiro Mizuno  
Certified Public Accountant  
Designated and Engagement Partner

Takeshi Saida  
Certified Public Accountant  
Designated and Engagement Partner

Taichi Muto  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of MITSUBISHI MOTORS CORPORATION (the "Company") applicable to the fiscal year from April 1, 2018 through March 31, 2019.

#### *Management's Responsibility for the Financial Statements and the Related Supplementary Schedules*

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

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit of the 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 financial statements and the related supplementary schedules 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 financial statements and the related supplementary schedules.

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 financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of MITSUBISHI MOTORS CORPORATION applicable to the fiscal year ended March 31, 2019 in conformity with accounting principles generally accepted in Japan.

*Conflicts of Interest*

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.



## Audit Report of the Audit & Supervisory Board

### Audit Report

With respect to the Members of the Board's performance of their duties during the fiscal year from April 1, 2018 to March 31, 2019, the Audit & Supervisory Board has prepared this audit report after deliberations based on the audit reports prepared by each Audit & Supervisory Board Member, and hereby reports as follows:

#### 1. Method and Contents of Audit by Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board has established the audit policies, assignment of duties, etc., and received a report from each Audit & Supervisory Board Member regarding the status of implementation of their audits and results thereof. In addition, the Audit & Supervisory Board has received reports from the Members of the Board, Executive Officers, Employees, etc. and the accounting auditors regarding the status of performance of their duties, and requested explanations as necessary.

In conformity with the Audit & Supervisory Board Member auditing standards established by the Audit & Supervisory Board, and in accordance with the audit policies and assignment of duties, etc., based on the following-described methods, each Audit & Supervisory Board Member examined the business report and related supplementary schedules for the fiscal year under review.

- (1) Each Audit & Supervisory Board Member endeavored to facilitate mutual understanding with the Members of the Board, Executive Officers, the internal audit division and other employees, etc., endeavored to collect information and maintain and improve the audit environment.
- (2) Each Audit & Supervisory Board Member attended the meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from the Members of the Board, Executive Officers and employees, etc. and requested explanations as necessary, inspected important approval/decision documents, and investigated the status of the corporate affairs and assets at the head office, research & development centers and plants. With respect to the subsidiaries, each Audit & Supervisory Board Member endeavored to facilitate mutual understanding and information exchange with the Members of the Board and Audit & Supervisory Board Members, etc. of each subsidiary and received from subsidiaries reports on their respective businesses as necessary.
- (3) Also, each Audit & Supervisory Board Member received reports on a regular basis from the Members of the Board, Executive Officers, and employees, etc., requested explanations as necessary, and provided opinions with respect to matters mentioned in the business report. Such matters consist of the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Members of the Board's performance of their duties complied with applicable laws and regulations and the Articles of Incorporation of the Company and other systems that are set forth in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of business activities of a corporate group consisting of a joint stock company (kabushiki kaisha) and its subsidiaries, and the systems developed and maintained based on such resolutions (internal control systems). Also, concerning the internal control system over financial reporting, each Audit & Supervisory Board Member received reports on the evaluation and status of audit of that internal control system both from the Members of the Board, Executive Officers, employees, etc., and Ernst & Young ShinNihon LLC, and requested explanations as necessary.

In addition, based on the following-described methods, each Audit & Supervisory Board Member examined the financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to financial statements) and the related supplementary schedules, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements), for the fiscal year under review.

- (1) Each Audit & Supervisory Board Member monitored and verified whether the accounting auditors maintained its independence and properly conducted its audit, received a report from the accounting auditors on the status of its performance of duties, and requested explanations as necessary.

- (2) Each Audit & Supervisory Board Member was notified by the accounting auditors that they had established a “system to ensure that the performance of the duties of the accounting auditors was properly conducted” (the matters set forth in the items of Article 131 of the Ordinance on Accounting of Companies) in accordance with the “Quality Control Standards for Audits” (Business Accounting Council, October 28, 2005), and requested explanations as necessary.

## 2. Results of Audit

### (1) Results of Audit of Business Report, etc.

- (a) We acknowledge that the business report and the related supplementary schedules fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- (b) With regard to the performance of duties by Members of the Board, we found that the former Representative Director and Chairman of the Board improperly received a monetary payment from a corporation in the Netherlands which MMC holds share in, as stated in the Business Report. The Audit & Supervisory Board will focus on the Company’s initiatives to further strengthen supervision and thoroughly manage risk in order to ensure the soundness and transparency of management. Apart from the above, we acknowledge that there is no misconduct or material fact in violation of laws and regulations or the Articles of Incorporation of the Company with regard to the performance of duties by Members of the Board.
- (c) We acknowledge that the Board of Directors’ resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the contents in the business report and Members of the Board’s performance of their duties concerning the internal control systems, including internal control systems over financial reporting.

### (2) Results of Audit of Financial Statements and Related Supplementary Schedules

We acknowledge that the methods and results of audit performed by the accounting auditors Ernst & Young ShinNihon LLC, are appropriate.

### (3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the accounting auditors Ernst & Young ShinNihon LLC, are appropriate.

May 17, 2019

MITSUBISHI MOTORS CORPORATION	Audit & Supervisory Board
Audit & Supervisory Board Member (Full-time)	Kozo Shiraji
Audit & Supervisory Board Member (Full-time)	Yoshikazu Nakamura
Outside Audit & Supervisory Board Member	Katsunori Nagayasu
Outside Audit & Supervisory Board Member	Yaeko Takeoka
Outside Audit & Supervisory Board Member	Yoshitsugu Oba

Note: This English translation is for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail. We assume no responsibility for this translation or for direct, indirect or any other forms of damage arising from the translation.

# Items Disclosed on Internet Concerning Notice of the 50th Ordinary General Meeting of Shareholders

Fiscal 2018 (from April 1, 2018 to March 31, 2019)

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# MITSUBISHI MOTORS CORPORATION

Pursuant to the provisions of relevant laws and regulations and Article 13 of the Company's Articles of Incorporation, the items listed above are provided to shareholders on the website of MITSUBISHI MOTORS CORPORATION.

(<https://www.mitsubishi-motors.com/en/investors/stockinfo/meeting.html>)

**Stock options of MMC (As of March 31, 2019)**

**Status of the stock options of MMC as of March 31, 2019**

	Year granted	Stock options held by Members of the Board and Audit & Supervisory Board Members		Type and number of shares that will be issued	Issue price (per option)	Exercise price	Exercise period
First Round of Stock Options	FY 2017	5 Directors (excluding Outside Directors) of MMC	9,800 options	Common stock 780,331 shares	41,200 yen	1 yen	From May 1, 2020 to April 30, 2070
Second Round of Stock Options	FY 2018	2 Directors (excluding Outside Directors) of MMC	9,800 options	Common stock 786,534 shares	41,200 yen	1 yen	From May 1, 2021 to April 30, 2071

## Accounting Auditors

### (1) Name of Accounting Auditors

Ernst & Young ShinNihon LLC

(Note) The Company's Accounting Auditors, Ernst & Young ShinNihon LLC changed their name in Japanese from ShinNihon Yugen Sekinin Kansa Houjin to EY ShinNihon Yugen Sekinin Kansa Houjin on July 1, 2018. The English name of the company did not change.

### (2) Amount of compensation to Accounting Auditors for the fiscal year under review

Item	Amount of Compensation
Amount of compensation, etc. for the fiscal year under review	335 million yen
Sum of the amount of money and other material advantage to be paid by MMC and its subsidiaries to Accounting Auditors	499

(Notes) 1. Among MMC's significant subsidiaries, Mitsubishi Motors North America, Inc. (U.S.), Mitsubishi Motors (Thailand) Co., Ltd. (Thailand) and four other companies are audited by Certified Public Accountants or audit corporations (including persons or entities with equivalent qualifications overseas) other than MMC's Accounting Auditors.

2. The audit agreement between MMC and the Accounting Auditors does not clearly distinguish the amount of compensation for the audit under the Companies Act and that for the audit under the Financial Instruments and Exchange Act, and the two amounts cannot practically be distinguished from each other. Therefore, the amount of compensation indicated above for the fiscal year under review is the total of these two kinds of amounts.

### (3) Reason why the Audit & Supervisory Board has agreed to the amount of compensation to Accounting Auditors

The Audit & Supervisory Board conducted necessary reviews of the appropriateness of Accounting Auditors' audit plan, system, audit work, basis of calculating estimated compensation, etc., and judged that the compensation to MMC's Accounting Auditors for FY2018 was reasonable.

### (4) Details of non-audit work

MMC entrusted fact-verification duties concerning the English translation of Financial Statements and other materials to the Accounting Auditors and paid consideration therefor.

### (5) Policy on decision to dismiss or not reappoint Accounting Auditors

If it is deemed that any of the items prescribed in Article 340, Paragraph 1 of the Companies Act apply to the Accounting Auditors, the Audit & Supervisory Board shall dismiss the Accounting Auditors based on the agreement of all the Audit & Supervisory Board Members. If this occurs, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board shall report the dismissal of the Accounting Auditors and the reasons for this dismissal to the first Ordinary General Meeting of Shareholders held after the dismissal.

If the Audit & Supervisory Board judges that it is necessary to dismiss or not reappoint the Accounting Auditors due to an impediment in the Accounting Auditors' execution of their duties or other such reason, the Audit & Supervisory Board shall make a proposal on this dismissal or non-reappointment to the Ordinary General Meeting of Shareholders.

## **System to ensure appropriate business activities and outline of the operating status of such systems**

### **1 System to ensure appropriate business activities**

MMC has developed the corporate vision and missions that enable its group employees to look towards the future, develop a common understanding, and work as one team. In addition, MMC has established MMC WAY, which represents the frame of mind and behavior that each one of employees must practice for missions to realize the vision, and moreover the Global Code of Conduct serving as the foundation for these provisions and the norms to be followed by all officers and employees.

Additionally, to ensure appropriate business activities, MMC has resolved the following matters regarding the Basic Policy on the Establishment of Internal Control Systems at the Board of Directors.

#### **“Basic Policy on the Establishment of Internal Control Systems”**

##### **(1) 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**

- (a) To comply with laws and regulations, the Articles of Incorporation and social norms, 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, and shall use the information to prevent and rectify problems and stop them from occurring again.
- (b) To monitor company management, MMC shall appoint Outside Directors.
- (c) The internal audit divisions 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 divisions shall report them to the relevant Members of the Board or others, and periodically check the status of improvement measures following occurrence.
- (d) As the core organization to address internal control in accordance with the Companies Act, MMC shall establish the Internal Control Promotion Committee, with the CEO being the chairperson and Director in charge of Global Risk Control being the vice- chairperson.

##### **(2) Regulations and other systems to manage risk of loss**

- (a) To manage business risk, MMC shall clearly prescribe respective standards for making proposals to the Board of Directors and the Executive Committee in each of the rules of the Board of Directors and rules of the Executive Committee, and operate in accordance with these rules.
- (b) 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.
- (c) MMC shall establish a body in charge of promoting risk management and work to develop and strengthen its overall risk management structure.
- (d) 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.

##### **(3) System to ensure that the Members of the Board’s performance of their duties is executed efficiently**

- (a) MMC shall prescribe a management plan throughout the company 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.
- (b) MMC shall clarify the roles and authorizations of Members of the Board, and the Board of Directors and the Executive Committee, etc. shall execute business efficiently based on the rules of the Board of Directors and

rules of the Executive Committee, etc.

- (c) MMC shall unify the reporting lines in the organization. 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) To promote prompt decision-making of MMC and clarify the decision-making process, MMC shall develop clear and highly transparent standards for authority.

**(4) 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.

**(5) System to ensure appropriate business activities of MMC group which comprises MMC, the parent company and the subsidiaries**

- (a) 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 business group.
- (b) MMC shall supervise and manage its subsidiaries, aiming for appropriate business execution by their personnel 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.
- (c) 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.
- (d) 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 Affiliates and other internal rules.
- (e) MMC shall improve Rules for Management of Subsidiaries and Affiliates 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.
- (f) 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.

**(6) 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.

**(7) Matters related to the independence of employees in (6) above from the Members of the Board and ensuring the effectiveness of directions given to those employees**

- (a) 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 sections.
- (b) 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.

**(8) 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**

- (a) The Audit & Supervisory Board Members shall attend meetings of the Board of Directors and other important meetings of MMC.
- (b) 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.
- (c) Personnel 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.

**(9) System to ensure that those who report the matters described in (8) do not face unfavorable treatment on the grounds that such reports are made**

It is prohibited to unfavorably treat personnel 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 personnel of MMC and its subsidiaries.

**(10) 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 sections unless it can be verified that these expenses or debts are not necessary for the Audit & Supervisory Board Members to execute their duties.

**(11) 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 CEO, and work in cooperation with the internal auditing division and the Accounting Auditors, thus facilitating proper communication and effective auditing operations.

**(12) 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.



## **2 Outline of the operating status of systems to ensure appropriate business activities**

In accordance with the Basic Policy on the Establishment of Internal Control Systems, MMC confirms, at meetings of the Internal Control Promotion Committee and the Board of Directors each fiscal year, that activities in the operation and implementation department for internal control are conducted autonomously and improvements are made where needed. The concrete operating status is outlined as follows:

### **(1) 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**

- MMC established the Global Code of Conduct with an eye to global activities. Additionally, 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. By sharing these measures with Compliance Officers including the Director in charge of Global Risk Control at the Compliance Committee meetings held twice annually, they play a role in prior prevention. Considering the issue found in May of FY2018 in which foreign technical interns had not received technical training in accordance with the technical intern training plan, MMC conducted an additional investigation of the laws and regulations surrounding MMC's operations and confirmed and shared the results at the Compliance Committee. In FY2018, MMC has also set up the position of Compliance Officer and an employee in charge of information security management at ten domestic subsidiaries and affiliates and nine overseas subsidiaries and affiliates likewise, and started the operation to reduce compliance risk including information security. On the aspect of education and training, MMC implements compliance education by hierarchy such as its new employees, career employees and prompted employees and provides education on information security, work overtime and on holidays, etc. through e-Learning to all its employees, led by the Compliance Dept. and Human Resources departments. We placed particular efforts into harassment education starting in FY2018, initially implementing group-work training including exchanges of opinions mainly among the management class. In addition, each of major domestic and overseas subsidiaries and affiliates provides education and guidance on each company's own challenges where appropriate. Furthermore, MMC has established internal and external consultation offices to prevent and promptly detect fraud or other improper conduct as well for use in self-correction. The internal employee consultation office offers counseling to employees of MMC and domestic subsidiaries and affiliates, and the external consultation office works with outside attorneys. In FY2018, MMC established a new Mitsubishi Motors Global Whistleblowing Office for use by employees of MMC and major domestic and overseas subsidiaries and affiliates. To make it easier for employees to file reports, this new Whistleblowing Office is located at a specialized, external company that can receive anonymous reports. Furthermore, as a structure for MMC Headquarters to confirm the details of reports at subsidiaries and affiliates, it has created and operates a system to gauge and manage group-wide risk.
- The Board of Directors is comprised of eight 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. In December of FY2018, MMC established a voluntary Nomination and Compensation Committee that works to ensure transparency and objectivity in the procedures related to determining the nomination and compensation of Members of the Board and Executive Officers.
- 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 Internal Audit Office, directly reporting to the CEO, performs audits and shares information with Audit & Supervisory Board Members and Accounting Auditors where appropriate.
- Under the Internal Control Promotion Committee with the CEO being the chairperson and Director in charge of Global Risk Control being the vice-chairperson, the Compliance Committee (including the Committee for Compliance with Security-related Laws and Regulations), the Information Security Committee, the Risk

Management Committee and the J-SOX Promotion Committee were set up, and these committees confirm each activity's plan, implementation status and challenges, and make reports to the Board of Directors after reporting to and conducting deliberations with the Internal Control Promotion Committee.

**(2) Regulations and other systems to manage risk of loss**

- MMC has established a body in charge of promoting its overall (including subsidiaries and affiliates) risk management pursuant to internal rules, and 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. 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. The implementation status of these efforts and activities is confirmed by the Risk Management Committee.
- 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.

**(3) 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 provides follow-up on the status of implementation of these plans at meetings of the Executive Committee and ORM (Operation Review Meeting), which are held regularly. 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 been working on flattening its organization and streamlining its management levels under operating officers assigned to each function.

**(4) 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.

**(5) System to ensure appropriate business activities of MMC group which comprises MMC, the parent company and the subsidiaries**

- Also, at each major subsidiary and affiliate, MMC has also established an internal control committee, chaired by the president or CEO of that entity, to manage internal control. In addition, based on internal rules, MMC has established a division in charge of primary management for the respective subsidiaries and affiliates 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 affiliates through various supervisory and management activities.
- MMC has developed internal rules 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 rules, 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 affiliates.

**(6) 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 sections.

**(7) Matters related to the independence of employees in (6) 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.

**(8) 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.

**(9) System to ensure that those who report the matters described in (8) do not face unfavorable treatment on the grounds that such reports are made**

MMC prohibits unfavorable treatment of personnel 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 the Global Code of Conduct and its internal regulations. MMC posted these provisions on its intranet to keep all personnel of MMC and its subsidiaries informed of this prohibition.

**(10) 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.

**(11) Other systems to ensure that Audit & Supervisory Board Members' activities are conducted effectively**

MMC's Audit & Supervisory Board Members conduct exchanges of opinions with CEO, where appropriate, based on the annual audit plan for the purpose of facilitating proper communication and effective auditing operations, and work in cooperation with the internal auditing 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.

**(12) System for eliminating criminal or unethical organizations**

MMC has specified in the Global Code of Conduct that any relationship with antisocial forces shall be blocked. In addition MMC and its domestic subsidiaries have developed a manual for dealing with criminal or unethical organizations, and keep all personnel informed of such manual.

### Consolidated Statement of Changes in Net Assets

(From April 1, 2018 to March 31, 2019)

*(In millions of yen)*

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of year	284,382	203,938	363,382	(220)	851,482
Cumulative effects of changes in accounting policies			(2,386)		(2,386)
Balance at beginning of year reflecting changes in accounting policies	284,382	203,938	360,995	(220)	849,096
Changes in items during the period					
Dividends of surplus			(29,783)		(29,783)
Profit attributable to owners of parent			132,871		132,871
Purchase of treasury shares				(1,507)	(1,507)
Change in scope of consolidation			(991)		(991)
Change in ownership interest of parent due to transactions with non-controlling interests		(3,866)			(3,866)
Net changes in items other than shareholders' equity					
Total changes in items during the period	-	(3,866)	102,097	(1,507)	96,722
Balance at end of year	284,382	200,072	463,092	(1,728)	945,818

	Accumulated other comprehensive income					Share acquisition rights	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 year	7,158	526	(59,966)	(18,232)	(70,514)	106	15,487	796,562
Cumulative effects of changes in accounting policies								(2,386)
Balance at beginning of year reflecting changes in accounting policies	7,158	526	(59,966)	(18,232)	(70,514)	106	15,487	794,176
Changes in items during the period								
Dividends of surplus								(29,783)
Profit attributable to owners of parent								132,871
Purchase of treasury shares								(1,507)
Change in scope of consolidation								(991)
Change in ownership interest of parent due to transactions with non-controlling interests								(3,866)
Net changes in items other than shareholders' equity	195	126	(1,315)	(2,525)	(3,519)	249	(6,424)	(9,694)
Total changes in items during the period	195	126	(1,315)	(2,525)	(3,519)	249	(6,424)	87,027
Balance at end of year	7,353	652	(61,281)	(20,758)	(74,033)	356	9,062	881,203

## Notes to Consolidated Financial Statements

### 1. Basis of consolidated financial statements

#### (1) Scope of consolidation

##### (a) Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 36

Names of major consolidated subsidiaries

Kanto Mitsubishi Motor Sales Co., Ltd., Pajero Manufacturing Co., Ltd., Mitsubishi Motors North America, Inc., Mitsubishi Motors Europe B.V., Mitsubishi Motors (Thailand) Co., Ltd., Mitsubishi Motors Australia, Ltd., etc.

Change in scope of consolidation

MMC Diamond Finance Corp., which was an equity-method affiliate up to the previous fiscal year, has been included in the scope of consolidation due to the acquisition of additional shares in the fiscal year ended March 31, 2019.

MMC has included Mitsubishi Motors de México S.A. de C.V., which was an unconsolidated subsidiary, in the scope of consolidation, due to its increased materiality.

##### (b) Names of major unconsolidated subsidiaries, etc.

Names of major unconsolidated subsidiaries

MMC Wing Co., Ltd., etc.

Reason for exclusion from scope of consolidation

The amounts of total assets, net sales, profit or loss, and retained earnings of unconsolidated subsidiaries, including the above, are all insignificant in size and do not have a material 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

##### (a) Number of affiliates to which the equity method is applied and names of major companies, etc.

Number of affiliates to which the equity method is applied: 20

Names of major companies, etc.

JATCO Ltd., Mitsubishi Motors Vietnam Co., Ltd., GAC Mitsubishi Motors Co., Ltd., etc.

Change in scope of equity method

MMC Diamond Finance Corp., which was an equity-method affiliate up to the previous fiscal year, has been excluded from the scope of MMC's equity-method affiliates and included in the scope of consolidation due to the acquisition of additional shares in the fiscal year ended March 31, 2019.

##### (b) Names of unconsolidated subsidiaries and affiliates to which the equity method is not applied

Names of major companies, etc.

(Unconsolidated subsidiaries)

MMC Wing Co., Ltd., etc.

(Affiliates)

Diamond F.C. Partners, Co., Ltd., etc.

Reason for non-application of equity method

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

(3) Fiscal year end dates of consolidated subsidiaries

For those overseas consolidated subsidiaries whose fiscal year end date (December 31) is different from the consolidated fiscal year end date (March 31), provisional financial statements are prepared as of March 31, for consolidation purposes.

(4) Accounting policies

(a) Valuation bases and methods of assets

(i) Securities

Held-to-maturity securities: Stated at amortized cost.

Other securities with a readily determinable market value:

Stated at fair value based on the market price at the end of the fiscal year 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 other securities, including unrealized gains and losses, is recognized in valuation difference on available-for-sale securities in the accompanying consolidated balance sheet.

Other securities without a readily determinable market value:

Stated at cost determined by the moving average method.

(ii) Derivative financial instruments

Market price method (excluding interest rate swaps accounted for by the special treatment)

(iii) 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.

(b) Depreciation and amortization

(i) 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.

(ii) 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).

(iii) 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.



(c) Allowances and provisions

(i) Allowance for doubtful accounts

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

(ii) Provision for product warranties

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

(iii) Provision for loss on fuel consumption test

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

(d) Other significant matters forming the basis of preparing the consolidated financial statements

(i) Translation of foreign currency accounts

Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the end of the fiscal year, and differences arising from the translation are included in the consolidated statement of income.

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

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

Translation adjustments are included in "Net assets."

(ii) Hedge accounting

Forward foreign exchange contracts:      deferral hedge accounting (hedges of forecast transactions)

Interest rate swaps:                      deferral hedge accounting or special treatment as prescribed in Accounting Standards for Financial Instruments

(iii) Net defined benefit liability

Accrued retirement benefits for employees at the end of the fiscal year are calculated based on the retirement benefit obligation and the fair value of the pension plan assets estimated at the end of the fiscal year.

Prior service cost is amortized using the straight line method over periods within the estimated average remaining service years of the employees.

Actuarial gains and losses are being amortized using the straight line method over the periods within the estimated average remaining service years of the employees from the following fiscal year.

Unrecognized actuarial gains and losses and unrecognized prior service costs are recognized in remeasurements of defined benefit plans in accumulated other comprehensive income in net assets after adjusting for tax effects.

When calculating the retirement benefit obligation, the benefit formula basis was used for attributing the expected defined net benefits to the period until the end of the fiscal year.

(iv) Transactions subject to consumption taxes

Consumption tax is excluded from the transaction amount in the consolidated statement of income but is included in the consolidated balance sheet amount.

(v) Application of consolidated taxation system

The consolidated taxation system is applied.

## **2. Changes in accounting policies**

Overseas consolidated subsidiaries:

### **(1) IFRS 9 “Financial Instruments”**

IFRS 9 “Financial Instruments” has been adopted from the beginning of the fiscal year ended March 31, 2019, excluding subsidiaries in North America.

In line with this adoption, classifications and measurement methods for financial instruments have been revised and the expected credit loss model is applied for recognizing impairment loss on financial assets. In accordance with the transition method of this standard, the MMC group recognized the cumulative effect of adopting this standard as an adjustment to the opening balance of retained earnings of the fiscal year ended March 31, 2019 that includes the date of initial application.

The effect of this change in accounting policy on the consolidated financial statements for the fiscal year ended March 31, 2019 was immaterial.

### **(2) IFRS 15 and ASC 606 “Revenue from Contracts with Customers”**

IFRS 15 and ASC 606 “Revenue from Contracts with Customers” have been adopted from the beginning of the fiscal year ended March 31, 2019.

In line with this adoption, revenue is recognized upon the transfer of promised goods or services to customers in an amount that reflects the consideration an entity expects to receive in exchange for those goods or services. In accordance with the transition method of these standards, the MMC group recognized the cumulative effect of adopting these standards as an adjustment to the opening balance of retained earnings of the fiscal year ended March 31, 2019 that includes the date of initial application.

As a result, retained earnings at the beginning of the fiscal year ended March 31, 2019 decreased by 2,386 million yen. The effect of this change in accounting policy on consolidated profit or loss for the fiscal year ended March 31, 2019 was immaterial.

Certain payments to customers that were recorded as selling, general and administrative expenses in the prior years have been reclassified to deduction of net sales from the beginning of the fiscal year ended March 31, 2019. As a result, on the consolidated statement of income, net sales and selling, general and administrative expenses for the fiscal year ended March 31, 2019 decreased by 54,447 million yen, respectively, compared with the amounts calculated under the prior accounting standards.

## **3. Change in presentation**

(Adoption of “Partial Amendments to Accounting Standard for Tax Effect Accounting” and relevant Implementation Guidance)

The MMC group has adopted the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Implementation Guidance effective from the beginning of the fiscal year ended March 31, 2019. Accordingly, deferred tax assets were presented under “investments and other assets” and deferred tax liabilities were presented under “non-current liabilities.”

#### 4. Notes to Consolidated Balance Sheet

##### (1) Assets pledged as collateral and liabilities secured

###### (a) Assets pledged as collateral

Finance receivables	56,659 million yen
Property, plant and equipment	18,782 million yen
Other	2,412 million yen
<hr/>	
Total	77,853 million yen

###### (b) Liabilities secured

Short-term loans payable and long-term loans payable (including current portion)	54,858 million yen
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(2) Accumulated depreciation of property, plant and equipment 884,177 million yen

##### (3) Balance of guarantee liabilities

###### (a) Guarantee recipients

PT. Mitsubishi Motors Krama Yudha Sales Indonesia	6,696 million yen
MMD Automobile GmbH	3,469 million yen
M Motors Automobiles France S.A.S.	2,202 million yen
MM Automobile Schweiz AG	1,066 million yen
PCMA Rus, LLC	252 million yen
Employees	376 million yen
<hr/>	
Total	14,063 million yen

(b) Retroactive obligation following liquidation of accounts receivable – trade 1,632 million yen

#### 5. Notes to Consolidated Statement of Changes in Net Assets

##### (1) Class and total number of issued shares at end of the fiscal year ended March 31, 2019

Common stock: 1,490,282,496 shares

##### (2) Dividends of surplus

###### (a) Dividend payment

Resolution	Types of shares	Total dividends (In millions of yen)	Dividend per share (In yen)	Cut-off date	Effective date
Ordinary General Meeting of Shareholders held on June 22, 2018	Common stock	14,900	10.0	March 31, 2018	June 25, 2018
Board of Directors' Meeting held on November 6, 2018	Common stock	14,883	10.0	September 30, 2018	December 4, 2018

- (b) Dividends with the cut-off date in the fiscal year ended March 31, 2019 and the effective date in the following fiscal year

Expected resolution	Types of shares	Source of dividends	Total dividends (In millions of yen)	Dividend per share (In yen)	Cut-off date	Effective date
Ordinary General Meeting of Shareholders to be held on June 21, 2019	Common stock	Retained earnings	14,883	10.0	March 31, 2019	June 24, 2019

## 6. Financial instruments

### (1) Overview of financial instruments

#### (a) Our policy for managing financial instruments

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.

#### (b) 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 MMC group's credit control rules, each group company monitors the financial condition of its major customers, as well as managing the due dates and outstanding balances of the receivables by customer.

Trade receivables denominated in foreign currency are exposed to foreign currency risk, but forward foreign exchange contracts and others are used to hedge a portion of the position after netting 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 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 of loans payable are exposed to interest rate risk. For some of the loans payable, 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 the special treatment 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, MMC group enters into derivative transactions only with highly rated financial institutions.

Trade payables and loans payable are exposed to liquidity risk. Each group company manages these risks, by preparing cash flow projections and other similar tools.

(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 at March 31, 2019 are as follows.

	Carrying amount	Fair value	Difference
	<i>(In millions of yen)</i>	<i>(In millions of yen)</i>	<i>(In millions of yen)</i>
(a) Cash and deposits	500,924	500,924	–
(b) Notes and accounts receivable – trade	126,398	126,398	–
(c) Finance receivables	294,423	288,537	(5,886)
(d) Investment securities	20,252	20,252	–
Total assets	942,000	936,113	(5,886)
(a) Notes and accounts payable – trade	391,785	391,785	–
(b) Electronically recorded obligations-operating	50,311	50,311	–
(c) Short-term loans payable	44,419	44,419	–
(d) Long-term loans payable	133,500	133,574	74
(e) Accounts payable – other and accrued expenses	196,695	196,695	–
(f) Commercial papers	50,800	50,800	–
Total liabilities	867,513	867,587	74
Derivative transactions (*)	(756)	(756)	–

(\*) The amount of the receivable or payable arising from derivative transactions is presented on a net basis.

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

Assets

(a) 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.

(b) 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.

(c) Finance receivables

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

(d) Investment securities

The fair values of investment securities are based on their respective market values.

### Liabilities

- (a) Notes and accounts payable – trade, (b) Electronically recorded obligations-operating, (c) Short-term loans payable, (e) Accounts payable – other and accrued expenses and (f) Commercial papers

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.

- (d) Long-term loans payable

Long-term loans payable is 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

The determination of fair values is based on quotations obtained from counterparty financial institutions.

As interest rate swaps to which the special treatment is applied are accounted together with the corresponding hedged item (long-term loans payable), their fair values are reflected in the fair value of long-term loans payable.

(Note)2 Non-listed stocks and stocks of subsidiaries and affiliates (consolidated balance sheet amount: 73,076 million yen) do not have any quoted market price, and their future cash flows cannot be estimated and consequently, it is difficult to reasonably measure fair value. Accordingly, such financial instruments are not included in “(d) Investment securities.”

## **7. Per share data**

Net assets per share	585.75 yen
Earnings per share	89.26 yen

## **8. Subsequent events**

Not applicable.

**Statement of Changes in Net Assets**  
(From April 1, 2018 to March 31, 2019)

*(In millions of yen)*

	Shareholders' equity								
	Capital stock	Capital surplus			Legal reserve	Retained earnings		Treasury shares	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earnings	Total retained earnings		
					Retained earnings brought forward				
Balance at beginning of year	284,382	118,680	85,257	203,938	5,605	65,700	71,305	(220)	559,406
Cumulative effects of changes in accounting policies						4,365	4,365		4,365
Balance at beginning of year reflecting retrospective application and retrospective treatment	284,382	118,680	85,257	203,938	5,605	70,065	75,671	(220)	563,771
Net change									
Dividends of surplus						(29,783)	(29,783)		(29,783)
Profit						54,750	54,750		54,750
Purchase of treasury shares								(1,507)	(1,507)
Net changes in items other than shareholders' equity									
Total net change	-	-	-	-	-	24,967	24,967	(1,507)	23,459
Balance at end of year	284,382	118,680	85,257	203,938	5,605	95,032	100,638	(1,728)	587,231

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of year	7,112	7,112	106	566,625
Cumulative effects of changes in accounting policies				4,365
Balance at beginning of year reflecting retrospective application and retrospective restatement	7,112	7,112	106	570,991
Net change				
Dividends of surplus				(29,783)
Profit				54,750
Purchase of treasury shares				(1,507)
Net changes in items other than shareholders' equity	167	167	249	416
Total net change	167	167	249	23,875
Balance at end of year	7,280	7,280	356	594,867



## Notes to Financial Statements

### 1. Significant accounting policies

#### (1) Valuation bases and methods of assets

##### (a) Securities

Subsidiaries and affiliates' stocks

Stated at cost determined by the moving average method.

Other securities

Other securities with a readily determinable market value:

Stated at fair value based on the market price at the end of the fiscal year 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 other securities, including unrealized gains and losses, is recognized in valuation difference on available-for-sale securities in the accompanying balance sheet.

Other securities without a readily determinable market value:

Stated at cost determined by the moving average method.

##### (b) Derivative financial instruments

Market price method

##### (c) 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

##### (a) 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 Law.

- (b) 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).
- (c) 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 under 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.
- (d) Long-term prepaid expenses

Long-term prepaid expenses are amortized using the straight line method over a fixed period.
- (3) Allowances and provisions
  - (a) Allowance for doubtful accounts

The allowance for doubtful accounts is provided based on MMC's historical experience with respect to write-offs and an estimate of the amount of specific uncollectible accounts.
  - (b) Provision for product warranties

The provision for product warranty claims is calculated based on MMC's historical experience and estimations with respect to future costs relating to claims.
  - (c) Provision for loss on fuel consumption test

To provide for loss on fuel consumption test, the provision is calculated to the extent that can be reasonably projected and estimated at the end of the fiscal year.
  - (d) Provision for retirement benefits

Accrued retirement benefits for employees are calculated based on the retirement benefit 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 from the following year.

When calculating the retirement benefit obligation, the benefit formula basis was used for attributing the expected defined net benefits to the period until the end of the fiscal year.
- (4) Hedge accounting
  - Forward foreign exchange contracts
  - Deferral hedge accounting (hedges of forecast transactions)
- (5) Transactions subject to consumption taxes

Consumption tax is excluded from the transaction amount in the statement of income but is included in the balance sheet amount.
- (6) Application of consolidated taxation system

The consolidated taxation system is applied.

## **2. Change in accounting policy**

(Adoption of “Implementation Guidance on Accounting Standard for Tax Effect Accounting”)

MMC has adopted the “Implementation Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) effective from the fiscal year ended March 31, 2019 and changed the treatment of taxable temporary differences pertaining to shares of subsidiaries and associates. The change in accounting policy has been retrospectively applied, and accordingly the cumulative effect of the change in accounting policy is reflected in the carrying amount of net assets at beginning of the fiscal year ended March 31, 2019. Consequently, retained earnings at the beginning of year increased by 4,365 million yen on the statement of changes in net assets after reflecting such retrospective application.

## **3. Change in presentation**

(Adoption of “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

MMC has adopted the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) effective from the beginning of the fiscal year ended March 31, 2019. Accordingly, deferred tax assets were presented under “investments and other assets” and deferred tax liabilities were presented under “non-current liabilities.”

#### 4. Notes to Balance Sheet

(1) Assets pledged as collateral and liabilities secured

Assets pledged as collateral

Accounts receivable – other (Note 1) 1,156 million yen

Investment securities (Note 2) 46 million yen

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Total 1,202 million yen

(Note 1) Accounts receivable - other were pledged based on a liability in a term lease contract relating to a building with Murata Medical Services, Ltd.

(Note 2) MMC provided collateral for the loans payable of Mizushima Eco-works Co., Ltd.

MMC has no obligations for such collateral.

(2) Accumulated depreciation of property, plant and equipment 583,333 million yen

(3) Balance of guarantee liabilities

(a) Guarantee recipients

PT. Mitsubishi Motors Krama Yudha Sales Indonesia 6,696 million yen

MMD Automobile GmbH 3,469 million yen

M Motors Automobiles France S.A.S. 2,202 million yen

MM Automobile Schweiz AG 1,066 million yen

PCMA Rus, LLC 252 million yen

Employees 376 million yen

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Total 14,063 million yen

(b) Retroactive obligation following liquidation of accounts receivable – trade 2,147 million yen

(4) Monetary receivables from subsidiaries and affiliates, and payables to subsidiaries and affiliates

Short-term monetary receivables 251,570 million yen

Long-term monetary receivables 7,028 million yen

Short-term monetary payables 136,894 million yen

Long-term monetary payables 579 million yen

## 5. Notes to Statement of Income

### (1) Transactions with subsidiaries and affiliates

Sales	1,536,497 million yen
Purchases	709,264 million yen
Non-operating transactions	65,477 million yen

### (2) Total amount of research and development expenses

124,652 million yen

### (3) Impairment loss

MMC recorded impairment loss on the following asset group during the fiscal year ended March 31, 2019.

#### (a) Overview of impaired asset group

Location	Use	Category	Amount of the impairment loss (million yen)
Kyoto, Kyoto-pref. etc.	Idle assets	Machinery and equipment, Tools, furniture and fixtures, etc.	365

#### (b) Grouping methods of assets

Asset groupings are determined based on assets used in production, assets leased to others and idle assets. Assets leased to others and idle assets are their own asset groups.

#### (c) Reason for recognition of impairment

Values of the idle assets were written down to the recoverable amount.

#### (d) Valuation methods of recoverable amount

The recoverable amount of idle assets is normally measured based on the estimated net sales price, if idle assets are difficult to sell, the net sales price is deemed to be zero.

#### (e) Amount of impairment loss

MMC recorded impairment loss of 365 million yen in "Other" in "Extraordinary losses." The breakdown is as follows.

Machinery and equipment	322 million yen
Tools, furniture and fixtures	41 million yen
Other	1 million yen
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Total	365 million yen

## 6. Notes to Statement of Changes in Net Assets

Class and total number of treasury shares at end of the fiscal year ended March 31, 2019

Common stock	1,969,401 shares
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## 7. Income taxes

The significant components of deferred tax assets and liabilities

### Deferred tax assets

Net operating losses carried forward	224,265 million yen
Allowance for doubtful accounts	708 million yen
Accrued retirement benefits	21,707 million yen
Loss on valuation of subsidiaries and affiliates' stocks	111,086 million yen
Accounts payable – warranties	14,283 million yen
Provision for product warranties	7,791 million yen
Provision for loss on fuel consumption test	1,138 million yen
Others	28,234 million yen
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Subtotal	409,216 million yen
Less valuation allowance	(396,495) million yen
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Total deferred tax assets	12,721 million yen

### Deferred tax liabilities

Unrealized holding gain on securities	(3,161) million yen
Others	(1,321) million yen
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Total deferred tax liabilities	(4,482) million yen
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Net deferred tax assets	8,238 million yen

## 8. Related party transactions

### (1) Parent company and major corporate shareholders, etc.

Attribution	Name of company, etc.	Percentage of voting stock held	Relationship with the related party	Details of transactions	Amount of transaction (In millions of yen)	Account title	Balance at year end (In millions of yen)
Related companies	Mitsubishi Corporation	Direct 9.25 Indirect 10.77	Sales of products, etc. and purchase of raw materials	Sales of products, etc. (Note)1	389,509	Accounts receivable - trade	13,394

### (2) Subsidiaries and affiliates

Attribution	Name of company, etc.	Percentage of voting stock held	Relationship with the related party	Details of transactions	Amount of transaction (In millions of yen)	Account title	Balance at year end (In millions of yen)
Subsidiary	Mitsubishi Motors (Thailand) Co., Ltd.	Direct 100.0 Indirect 0.00	Sales of products, etc. and purchase of products, etc.	Purchase of products, etc. (Note)2	504,469	Accounts payable - trade	56,574
Subsidiary	Mitsubishi Motors North America, Inc.	Direct 100.0 Indirect 0.00	Sales of products, etc.	Sales of products, etc. (Note)1	206,491	Accounts receivable - trade	1,520
Subsidiary	Mitsubishi Motors Australia, Ltd.	Direct 100.0 Indirect 0.00	Sales of products, etc.	Sales of products, etc. (Note)1	166,205	Accounts receivable - trade	22,100
Subsidiary	Mitsubishi Motors Europe B.V.	Direct 100.0 Indirect 0.00	Sales of products, etc.	Sales of products, etc. (Note)1	114,412	Accounts receivable - trade	41,004
Subsidiary	Mitsubishi Motors Philippines Corp.	Direct 100.0 Indirect 0.00	Sales of products, etc.	Sales of products, etc. (Note)1	96,255	Accounts receivable - trade	28,348

Attribution	Name of company, etc.	Percentage of voting stock be held	Relationship with the related party	Details of transactions	Amount of transaction (In millions of yen)	Account title	Balance at year end (In millions of yen)
Subsidiary	MMC Diamond Finance Corp.	Direct 100.0 Indirect 0.00	Lending of funds for sales financing services for MMC's products	Lending of funds (Note)3	77,500	Short-term loans receivable	77,500
Subsidiary	PT. Mitsubishi Motors Krama Yudha Indonesia	Direct 51.00 Indirect 0.00	Financial assistance and sales of products, etc.	Collection of funds	13,006	Short-term loans receivable	1,421
						Long-term loans receivable	5,684
Affiliate	JATCO Ltd	Direct 15.04 Indirect 0.00	Purchase of parts	Purchase of parts (Note)4	86,538	Electronically recorded obligations - operating	19,313

Consumption taxes are excluded from the amount of transaction, however, included in the balance at year end.

Terms and conditions of transactions and the policies on determination thereof:

- (Note) 1. MMC determines selling prices of products, etc. as a result of studies and negotiations, taking market prices and total costs into consideration.
- (Note) 2. MMC determines purchase prices of products, etc., as a result of studies and negotiations taking into consideration estimated costs, prices of current products, etc., and market prices for each product, etc.
- (Note) 3. MMC determines the interest rates for the lending of funds in a reasonable manner taking market interest rates into consideration.
- (Note) 4. MMC determines purchase prices of parts following studies and negotiations taking into consideration estimated costs, prices of current parts, etc., and market prices of each part.

## 9. Per share data

Net assets per share	399.45 yen
Earnings per share	36.78 yen

## 10. Subsequent events

Not applicable.