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President

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Mitsubishi vehicles help communities and

Progress of the Mitsubishi Motors Revitalization Plan

The Mitsubishi Motors Revitalization Plan, a three-year business plan running from fiscal 2005 to fiscal 2007, prioritized rebuilding customer trust and improving earnings.

Our work to rebuild trust is summarized by our three-priority policy: "Compliance First, Safety First, and Customers First" We received regular advice and guidance from a Business Ethics Committee, composed of external experts. We worked to change the employee mindset, improve quality management systems, and build a customer-centered culture. As a result, the Business Ethics Committee has deemed that we have largely completed the initial stages of our plan.

In order to improve earnings we have: streamlined our businesses; reduced the number of locally specialized vehicles and expanded the number of global vehicles; addressed surplus production capacity; improved our sales networks; expanded strategic alliances with Nissan Motor Co., Ltd. and PSA Peugeot Citroën; and slimmed down our group organization through wide-ranging mergers of consolidated sales companies in Japan. As a result, we achieved the Revitalization Plan goal of building solid profitability in the last year of the plan, fiscal 2007, recording consolidated operating income of ¥108.6 billion (a 170% increase year on year), ordinary income of ¥85.7 billion, and net income of ¥34.7 billion. Both the operating and ordinary income results were the highest ever achieved by MMC since the company was founded in 1970.

Although we have achieved the goals set out in the Revitalization Plan, I consider this to be just a milestone in our journey towards sustainable growth for the future. In fiscal 2008, we will start working on the new mid-term business plan, Step Up 2010, which represents a further step into the future and an even greater challenge.

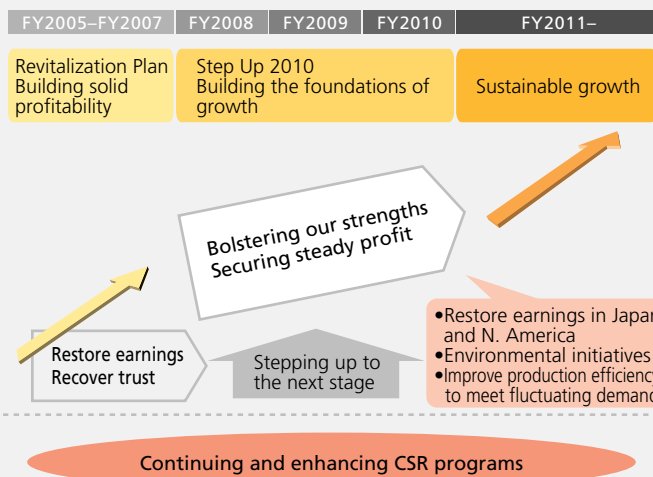
New Mid-term Business Plan and New Tagline

The Step Up 2010 plan, running for three years from fiscal 2008, is based on the core policies of "bolstering our strengths" and "securing steady profits," through which we will build the foundations necessary for sustained growth in the future.

We plan to strengthen our sales base by launching SUVs and mid-size passenger vehicles, areas where we have particular expertise, in "focus" markets where MMC has a strong brand presence and demand is expected to increase. These include Russia, the Ukraine, the Middle East and Brazil. In mature markets like Japan, North America and Western Europe, we will work to improve and strengthen earnings structures by making sales systems more efficient and by expanding after-sales and other peripheral businesses.

We will build a production system that can respond flexibly to changes in automobile demand and improve production efficiency in line with our sales strategy. We recognize that automakers have

Positioning of the New Mid-term Business Plan (FY2008–FY2010)



forge a connection between customers, a sustainable future.

a responsibility to take the lead in developing environmental initiatives, in line with the growing global interest in environmental concerns. We view this as a significant business opportunity and will fulfill our responsibilities in this regard by commercializing environmental technologies.

Our goal is to provide unique driving pleasure and guaranteed safety. We have developed superior vehicle durability and efficiency through participation in the Dakar Rally; our advanced 4WD dynamics control system was developed through continual tuning of the high-performance *Lancer Evolution* 4WD sedan. Moving forward, we will make further improvements on these unique technologies and manufacture automobiles that provide an even better driving experience while enhancing environmental performance. In June 2008, we announced "Drive@earth" as our new corporate tagline as a way of communicating our corporate philosophy to the general public in a readily accessible way. We will launch this tagline in markets around the world.

Continuing and Improving Compliance and CSR Programs

In light of the lessons learned from the recall scandal in 2004, we have made every effort to resolve deep-seated problems within our business structures and reform our corporate culture. As a company that prioritizes corporate social responsibility (CSR), we consider our trust-building programs to be an ongoing process. We are continually strengthening our compliance and CSR programs and working with the goal of contributing to a sustainable future for our business and for society.

We have launched various programs to build a solid compliance and CSR base — among these are backup systems to ensure compliance, improved business transparency through proactive disclosure to stakeholders, and enhanced training for employees. We have now established further internal controls in line with the enactment of the Financial Instruments and Exchange Law in April 2008. We will continue to improve our corporate governance. We will also continue to report to the Business Ethics Committee in order to obtain oversight from an external perspective.

MMC has for several years run the "Car School" safe driving clinic aimed at MMC customers, in the hope of reducing traffic accidents. Our "Hands-on Lesson Program" teaches elementary school students about the relation between cars and the environment in part by giving them the opportunity to ride in electric vehicles. Another project is the "Pajero Forest & Local Mountain Restoration Initiative," which was launched to conserve and cultivate Japan's declining forests and woodlands. Overseas, we planted Yoshino cherry trees in May 2008 on site at our engine plant in Shenyang, China as part of an environmental program. We plan future activities at other locations around the world. In April 2008, MMC established the Corporate Citizenship Promotion Office; the

Office is working to lay the foundations for further initiatives and larger programs.

Prioritizing Environmental Initiatives

We prioritize environmental initiatives as part of our mission as an automaker. In fiscal 2006, we launched our Environment Initiative Program 2010, and have used this to drive more globally integrated environmental management and the development of core environmental technologies.

MMC has already developed various environmental technologies aimed at reducing CO₂ emissions and improving fuel efficiency, including the development of the MIVEC engine^{*1} and the switch to lightweight car bodies. We are now working to improve these technologies as well as to develop future core environmental technologies such as the clean diesel engine and increased use of our new Twin Clutch SST^{*2} automated manual transmission. We are engaged in the global development of our *i MiEV* zero-emissions electric vehicle, the ultimate environmentally friendly car, starting with the Japan-market launch in 2009. Our goal is to become a world leader in the reduction of CO₂ emissions on a global scale. We are currently running fleet tests with seven Japanese power companies, in three prefectures in the Hokuriku region, and in Kanagawa prefecture to bring the vehicle to market ahead of schedule. We plan to start fleet tests with two power companies in the U.S. in the fourth quarter of 2008. We will prepare for market launch based on the data obtained from the on-road tests in Japan and overseas gathered under various usage and weather conditions. We have already developed the *i MiEV* to a level of utility almost sufficient for launch and supplied ten test and support vehicles to the G8 Hokkaido Toyako summit in July 2008.

In order to play a part as a responsible corporate citizen, we are pursuing a policy of building on our strengths to bring more environmentally friendly products to market as quickly as possible.

Mitsubishi Motors' Commitment

Mitsubishi Motors aims to be a company that continuously fulfills its responsibilities to society and to the environment. To that end, we are committed to working towards a sustainable future. In July 2008, we agreed to participate in the "Eco-First Program" organized by the Ministry of the Environment, Government of Japan as part of our plan to address global environmental issues. We will stand by our commitment to prioritize environmental concerns in our business and play a role in protecting the environment. Thank you for your continued support and I look forward to hearing your unreserved opinions regarding our endeavors.

*1 Mitsubishi Innovative Valve timing Electronic Control (MIVEC)

*2 A twin-clutch transmission that provides both fast gear changes and superior fuel economy through the use of a highly efficient automated manual transmission mechanism.