Mitsubishi Motors
Revitalization Plan

Mitsubishi Motors Corporation

January 28, 2005
Outline

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8. Business Tie-up Strategy
9. Regional Strategy
10. Cost Reductions
11. The Voice of Employees
12. Financial
13. Financing
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Introduction

Takashi Nishioka
Chairman & CEO
**Current Situation**

**Business Revitalization Plan**

- **Recover Trust**
- **Restore Earnings**

**Changes in Environment**

- Past Recall Issues
  - Further deterioration of credibility

**Current Situation**

- Submission of past recalls completed
- Continuous implementation of corporate reform
- Declining sales volume
- Rapid shortfall of capital

**Ongoing**

**Additional counter measures**
## Corporate Culture Reform Initiatives

<table>
<thead>
<tr>
<th>2004</th>
<th>2005</th>
<th>From 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 7 8 9 10 11 12</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12</td>
<td></td>
</tr>
</tbody>
</table>

- Establishment of the CSR Promotion Office, responsible for corporate culture reform and business ethics
- Declaration by the Chairman and the President that business ethics is a top priority
- Establishment of the Business Ethics Committee, formed by external intellectuals and experts

### Awareness Reform
- Instruction and advice to the CSR Promotion Office by the Business Ethics Committee
- Thorough investigation of recall problems
- Establishment of preventative measures and disciplinary actions
- Observance of corporate ethics by compliance officer
- Presentation of written pledge to obey corporate ethics by all employees

### Foster Culture
- Problem solving through cross-functional activities
- Training and promoting talented personnel to higher positions
- Personnel evaluation reflecting “Customer first” practice
- Personnel exchanges with sales co. and dept. rotations
Key Points in Mitsubishi Motors Revitalization Plan

1. Customer First – Recovering Trust
   - Put the customer first from marketing through after-sales service
   - Thorough improvement of product quality

2. Business Strategy
   - Incorporate downside risk into the sales plan
   - Expand business tie-ups with other automotive companies
   - Optimize the utilization of production capacity and sales networks (North America, Australia, Japan)

3. Reinforcement of Capital and Financing
   - Strengthen financial standing and secure capital for revitalization

4. Strengthen Management’s Effectiveness
   - Headed by a new management team
   - Establish a thorough follow-up system
Commitments

Business Revitalization Plan on May 21

FY2005
Positive Ordinary Profit

FY2006
Positive Net Income

Today’s Announcement

FY2006 – Return to Profitability
Net Income: ¥ 8 billion

FY2007 – Establish Sustainable Profitability
Net Income: ¥ 41 billion
Osamu Masuko
President & COO
Realistic Sales Plan

- Downward revision of sales plan for Japan and North America
- Reflect the slowdown of market expansion in China (North Asia)

Business Revitalization Plan

Actual

Effect of new OEM

Today’s Announcement

(‘000 units)
Region-specific Sales Volume Plan

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>New OEM</td>
<td></td>
<td></td>
<td></td>
<td>1,524</td>
</tr>
<tr>
<td>Japan</td>
<td>1,337</td>
<td>1,437</td>
<td>1,476</td>
<td></td>
</tr>
<tr>
<td>N.A.</td>
<td></td>
<td></td>
<td></td>
<td>278</td>
</tr>
<tr>
<td>Europe</td>
<td></td>
<td></td>
<td></td>
<td>218</td>
</tr>
<tr>
<td>N. Asia</td>
<td></td>
<td></td>
<td></td>
<td>246</td>
</tr>
<tr>
<td>ASEAN</td>
<td></td>
<td></td>
<td></td>
<td>288</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td></td>
<td>180</td>
</tr>
</tbody>
</table>

('000 units)

(2004-2007)
Product Strategy
Position of Mitsubishi Motors in Motorsport

SUV DNA

Safety · Durability

Driving Performance
On and Off Road

SPORTY DNA
Improve Efficiency of Model Mix

No. of models in FY2007 (new models + existing models)

May 2004 Business Revitalization Plan

- Global Models: 9 Models
- Regional Models: 17 Models
- Total: 26 Models

Today’s Announcement

- Global Models: 10 Models
- Regional Models: 14 Models
- Total: 24 Models
# New Model Launches

## (Global Models / Regional Models)

<table>
<thead>
<tr>
<th>Region</th>
<th>FY00-FY03</th>
<th>FY04-FY07</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Japan</strong></td>
<td><strong>6 Models</strong></td>
<td><strong>10 (5) Models</strong></td>
</tr>
<tr>
<td><strong>North America</strong></td>
<td><strong>7 Models</strong></td>
<td><strong>6 (3) Models</strong></td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td><strong>5 Models</strong></td>
<td><strong>10 (2) Models</strong></td>
</tr>
<tr>
<td><strong>China</strong></td>
<td><strong>5 Models</strong></td>
<td><strong>8 (2) Models</strong></td>
</tr>
<tr>
<td><strong>ASEAN</strong></td>
<td><strong>3 Models</strong></td>
<td><strong>6 (1) Models</strong></td>
</tr>
<tr>
<td><strong>Other regions</strong></td>
<td><strong>4 Models</strong></td>
<td><strong>11 (0) Models</strong></td>
</tr>
</tbody>
</table>

- **Global models**
- **Regional models (incl. Mini-cars)**

### Today's Announcement

- FY04-FY07
  - FY04: 10 (5) Models
  - FY05: 6 (3) Models
  - FY06: 10 (2) Models
  - FY07: 8 (2) Models

### May 2004 Business Revitalization Plan

- FY04-FY07
  - FY04: 10 (5) Models
  - FY05: 7 (3) Models
  - FY06: 10 (2) Models
  - FY07: 11 (3) Models

( ): Regional models
Domestic Sales Model Development Plan

<table>
<thead>
<tr>
<th>FY05</th>
<th>FY05～07</th>
</tr>
</thead>
</table>

- **New model**
- **Full model change**

- FY05
  - Van
  - Van

- FY05～07
  - Van
  - Van
  - Van
  - Van

- FY05～07
  - Concept Car
  - Concept Car
  - Concept Car
  - Concept Car
New Category SUV
New Category Minicar
Business Tie-up Strategy
**Business Tie-up Strategies**

**Active Promotion of Strategic Business Tie-up Opportunities**

- OEM supply of minicars to Nissan - 36,000 units per year
- OEM supply of SUV to Peugeot Citroen Group (PSA)
  
  (contract to be signed beginning of February)

**Tie-ups That Will Be Considered Going Forward**

- Expand OEM supply of vehicles
- Component supply partnering
- Joint distribution
- Joint procurement
Regional Strategy
Regional Strategy: Japan

Establish Stable Profitability Including Local Sales Companies

Current Issues
- Unforeseen impact caused by recalls
  - Delay in credibility restoration
- Slow sales performance
  - Voluntary restraint of advertisement
  - Postponing new model introduction

Excess Capacity
- Production facilities
- Sales structure

Today’s Announcement
- Continue follow-ups and measures for credibility restoration for 3.4 million customers who visited MMC dealers for free vehicle inspections in cooperation with sales companies
- Restructure of sales network
  - Restructure consolidated sales subsidiaries – geographic coverage expansion
    [Indirect personnel Ratio 24%('03) → 20% ('06)]
  - Maintain and empower local independent sales companies
    [Strengthen communication, special management support]
  - Consolidate parts sales companies – geographic coverage expansion and strengthening of external sales
- Maximize after-sales business
  - Optimize sales network and service structure in accordance with the number of Mitsubishi vehicles owned by customers
    [929 stores('03) → 800 stores~('06)]
    [Sales expense covered ratio 53%('03) → 60% ('06)]

Sales

Prod.
- Expansion of OEM supply of mini-cars to Nissan
- Expansion of OEM supply of SUVs to Peugeot
## Regional Strategy: North America

### Establish a Profitable Structure

**Unchanged - North America remains a vital core market**

<table>
<thead>
<tr>
<th>Current Issues</th>
<th>Today’s Announcement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slow recovery of retail sales</td>
<td><strong>Mgmt</strong></td>
</tr>
<tr>
<td>- Concern toward MMC caused by the product recall problem in Japan</td>
<td>Renew the local management structure (including CEO)</td>
</tr>
<tr>
<td>- Damaged brand as a result of inappropriate sales measures in the past</td>
<td><strong>Sales</strong></td>
</tr>
<tr>
<td>- Rapid and drastic decrease in sales volume as a result of moving away from fleet reliance</td>
<td>Ongoing and annual introduction of 5 new models in 3 years starting 2005</td>
</tr>
<tr>
<td>- Excessive production capacity</td>
<td><strong>Prod.</strong></td>
</tr>
<tr>
<td>- 2 shifts =&gt; 1 shift (completed)</td>
<td>Excessive production capacity deemed impaired</td>
</tr>
<tr>
<td></td>
<td><strong>Finance</strong></td>
</tr>
<tr>
<td></td>
<td>Collaboration with Merrill Lynch</td>
</tr>
<tr>
<td></td>
<td>- Partial disposal of financial assets possessed (removal of risks)</td>
</tr>
<tr>
<td></td>
<td>- Joint venture business tie-up (to provide competitive financial services products)</td>
</tr>
</tbody>
</table>
Regional Strategy: Europe

### From the Establishment of Business to the Stage of Growth

#### Current Issues
- Strengthening and reorganization of sales structure
- Expanding Sales of the Colt core model series

#### Today’s Announcement

<table>
<thead>
<tr>
<th>Management</th>
<th>Sales</th>
<th>Production</th>
</tr>
</thead>
</table>
| - Strengthen management with new structure: Operating company (MME), Germany, etc | - Sales expansion of Colt  
  - Review of sales/pricing policy and volume increase measures  
  - Strengthen product line-up (3-door cars/turbo/diesel)  
  - Strengthen regional strategy  
    - Revitalize and strengthen sales in Germany  
    - Strengthen sales network in Southern Europe (France, Spain)  
    - Sales expansion in Russia: Strengthening of sales with Lancer as major product | - Strengthen production business management (management control and cost control)  
- Improve plant utilization and further reduce material costs |
### Regional Strategy: China

#### Active Utilization of the Strong Mitsubishi Brand

**Current Issues**
- Ensure sales volume and sales expansion of Mitsubishi brand vehicles
- Utilization of engine plants
- Development of sales structure

**Today’s Announcement**

<table>
<thead>
<tr>
<th>Category</th>
<th>Announcement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tie-ups</td>
<td>Direct investment in South East Motors (Strengthening alliance with Taiwanese partner)</td>
</tr>
<tr>
<td></td>
<td>Chengfeng Motors</td>
</tr>
<tr>
<td></td>
<td>- Launched Pajero under the Mitsubishi brand in December</td>
</tr>
<tr>
<td></td>
<td>- Considering JV for SUV production</td>
</tr>
<tr>
<td>Prod.</td>
<td>Maximum utilization of two engine JVs (Consider making JVs a base for Asian production)</td>
</tr>
<tr>
<td>Sales</td>
<td>Develop and expand the sales network of Mitsubishi, with the possibility of establishing a sales operating company by the end of 2006</td>
</tr>
<tr>
<td>Devl.</td>
<td>Establish R&amp;D base to timely reflect market needs</td>
</tr>
</tbody>
</table>
Regional Strategy: Others

Further Reinforce Sales Force

Current Issues

- Strengthening the structure of Thailand, as an export and manufacturing base of pickup trucks and other models to other markets
- Take action in the Vietnamese market where expansion is expected
- Restructuring of business in Indonesia
- Australia: excess capacity

Today’s Announcement

Sales

- Strengthen sales in Thailand
  - Strengthening of sales department/Improve communication with dealers etc
- Malaysia: Sales expansion by establishing new sales company
  - Strengthening of sales force by utilizing the marketing capability of Mitsubishi Corporation
  - Malaysia/Indonesia/Vietnam
- Consider restructuring Indonesian business via capital reinforcement with MFTBC and Mitsubishi Corporation

Production

- Enhancement of production system
  - Thailand as an export base: enhance the capability of matching locally produced successor
- Australia: Implement impairment for excess capacity
Cost Reductions
Labor Planning

Promoting Original Plan

(headcount)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Direct</td>
<td>Indirect</td>
<td>Direct</td>
<td>Indirect</td>
<td>Direct</td>
</tr>
</tbody>
</table>
Reduction of Material Costs

Downward Revision of Total Target Amount, but Overall Reduction Ratio of 15% Sustained

Unit: ¥100m

Influence from rising price of materials, reduction of volume, etc.

Improvement in indirect material cost (Distribution costs, etc.)

FY2004

360

70

290

FY2005

750

190

560

FY2006

1,200

320

880

Current FY

Current FY

Carry-overflow from FY04/05

Carry-overflow from FY04

Revitalization Plan target

Achievable targets

Improvement in indirect material cost (Distribution costs, etc.)

Downward Revision of Total Target Amount, but Overall Reduction Ratio of 15% Sustained
The Voice of Employees
## Strategic Direction of Mitsubishi Motors

<table>
<thead>
<tr>
<th>Corporate Philosophy</th>
<th>Stakeholders</th>
<th>Direction</th>
</tr>
</thead>
<tbody>
<tr>
<td>MMC is dedicated to responsibly providing customers and society with driving pleasure and assured security</td>
<td><strong>Customers</strong></td>
<td>Optimization of lifetime customer satisfaction</td>
</tr>
<tr>
<td></td>
<td><strong>Stockholders and Creditors</strong></td>
<td>Brand establishment in driving performance, handling, safety and durability</td>
</tr>
<tr>
<td></td>
<td><strong>Employees</strong></td>
<td>Effective globalization</td>
</tr>
<tr>
<td></td>
<td><strong>Procurement partners Sales companies / dealers</strong></td>
<td>Sustain continuous development</td>
</tr>
<tr>
<td></td>
<td><strong>Society</strong></td>
<td>Ensure stable revenue and profitability</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recovery of enthusiasm and pride</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Building firm partnership</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Continuous consideration of environment</td>
</tr>
</tbody>
</table>
Financial

Hiizu Ichikawa
CFO
## Financial Outlook (P/L)

<table>
<thead>
<tr>
<th>Consolidated (unit: ¥100m)</th>
<th>FY04 Forecast</th>
<th>FY05 Plan</th>
<th>FY06 Plan</th>
<th>FY07 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>20,350 (21,000)</td>
<td>20,280 (21,800)</td>
<td>21,590 (24,900)</td>
<td>24,270</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>-1,320 (-1,200)</td>
<td>-140 (200)</td>
<td>430 (1,200)</td>
<td>740</td>
</tr>
<tr>
<td><strong>Ordinary Profit</strong></td>
<td>-1,970 (-1,800)</td>
<td>-400 (30)</td>
<td>210 (1,000)</td>
<td>530</td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td>-4,720 (-2,400)</td>
<td>-640 (100)</td>
<td>80 (700)</td>
<td>410</td>
</tr>
<tr>
<td><strong>Exchange Rate</strong></td>
<td>108 / 132 (105/125)</td>
<td>105 / 125 (105/125)</td>
<td>105 / 125 (105/125)</td>
<td>105 / 125 (105/125)</td>
</tr>
</tbody>
</table>

Note: ( ) numbers from Revitalization Plan on May 21, 2004. Numbers for FY04 from 1st half financial result announced on Nov 8, 2004.
**FY2004 Earnings Estimates Revision**

(11/8 1H announcement revision variance)

- **Decreased operating profit**
  - Unit sales revised - Mainly North America, China and Australia  - ¥ 12 billion

- **Deterioration of ordinary profit**
  - Issuance of new shares  - ¥ 5 billion

- **Review of extraordinary gains and losses**
  To alleviate future liabilities, recognized special loss, etc. as follows:
  - NA and Australia fixed assets impairment booking*  - ¥113 billion
  - Losses from the sale of fixed assets  - ¥ 17 billion
  - Other  - ¥ 85 billion
  - Total  - ¥215 billion

*: Including ¥19.7B booked in the 1H FY2004 financial result (announced on Dec 24, 2004)
# Regional Performance for FY04-FY07

<table>
<thead>
<tr>
<th></th>
<th>FY04 Forecast</th>
<th>FY05 Plan</th>
<th>FY06 Plan</th>
<th>FY07 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>4,200</td>
<td>4,700</td>
<td>5,000</td>
<td>5,700</td>
</tr>
<tr>
<td>N.A.</td>
<td>4,300</td>
<td>4,500</td>
<td>4,900</td>
<td>5,100</td>
</tr>
<tr>
<td>Europe</td>
<td>5,850</td>
<td>4,800</td>
<td>5,200</td>
<td>6,300</td>
</tr>
<tr>
<td>Other regions</td>
<td>6,000</td>
<td>6,300</td>
<td>6,500</td>
<td>7,200</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>-1,320</td>
<td>-140</td>
<td>430</td>
<td>740</td>
</tr>
<tr>
<td>N.A.</td>
<td>-960</td>
<td>-680</td>
<td>-400</td>
<td>-180</td>
</tr>
<tr>
<td>Europe</td>
<td>-1,110</td>
<td>-210</td>
<td>80</td>
<td>-70</td>
</tr>
<tr>
<td>Other regions</td>
<td>20</td>
<td>30</td>
<td>-80</td>
<td>110</td>
</tr>
<tr>
<td></td>
<td>730</td>
<td>720</td>
<td>830</td>
<td>880</td>
</tr>
</tbody>
</table>
Financing
Full support from 3 Mitsubishi Group Companies

- Increase in percent of stock held by 3 Mitsubishi Group Companies:
  - Investment Ratio 34% → Over 1/3 of shares secured
  - Mitsubishi Heavy Industries, Ltd:
    - Investment Ratio 15% → MMC to become equity method affiliate of MHI from FY2005

【Support from the 3 Shareholder Companies】

<table>
<thead>
<tr>
<th>New Investment (incl. DES*)</th>
<th>Planned Share Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mitsubishi Heavy Industries, Ltd</td>
<td>¥50 billion</td>
</tr>
<tr>
<td>Mitsubishi Corporation, Ltd.</td>
<td>¥70 billion</td>
</tr>
<tr>
<td>Bank of Tokyo-Mitsubishi</td>
<td>¥150 billion (¥50 billion*)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><em><em>¥270 billion (¥50 billion</em>)</em>*</td>
</tr>
</tbody>
</table>

*: Includes Debt Equity Swap of ¥50 billion
## Support Structure: Equity Enhancement Measures

**Capital increase** ¥270 bln ('04)
- Mitsubishi Heavy Industries, Ltd ¥ 50 bln
- Mitsubishi Corporation, Ltd ¥ 70 bln
- Bank of Tokyo-Mitsubishi ¥150 bln
  (incl. D/E swap of ¥50 bln)

**Bus. invest. & Capital Increase** ¥ 30 bln ('05)
- Mitsubishi Corporation, Ltd ¥ 30 bln

**Loan** ¥240 bln

**Total** ¥540 bln
  (Not incl. D/E swap ¥490 bln)

### [Capital]
- Restore capital written-off for asset impairment

### [Financing]
- Ensure capital for revitalization (FY05〜FY07 cum. total)
  - R&D Capital ¥270 billion
  - Capital investment ¥310 billion

Committed to achieving plan by securing the necessary funds and restoring our financial position
## Balance Sheet & Cash Flow

### 'FY04～FY07 B/S forecast

<table>
<thead>
<tr>
<th></th>
<th>FY04(3E)</th>
<th>FY05(3E)</th>
<th>FY06(3E)</th>
<th>FY07(3E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash in banks</td>
<td>2,480</td>
<td>1,750</td>
<td>1,680</td>
<td>1,500</td>
</tr>
<tr>
<td>Trade notes &amp; accounts receivable</td>
<td>3,200</td>
<td>3,000</td>
<td>2,860</td>
<td>2,990</td>
</tr>
<tr>
<td>Inventories</td>
<td>2,670</td>
<td>2,520</td>
<td>2,500</td>
<td>2,420</td>
</tr>
<tr>
<td>Tangible/Intangible fixed assets</td>
<td>5,680</td>
<td>5,680</td>
<td>5,940</td>
<td>6,120</td>
</tr>
<tr>
<td>Investments</td>
<td>1,530</td>
<td>1,800</td>
<td>1,930</td>
<td>2,060</td>
</tr>
<tr>
<td>Other assets</td>
<td>870</td>
<td>1,170</td>
<td>1,100</td>
<td>1,110</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>16,430</strong></td>
<td><strong>15,920</strong></td>
<td><strong>16,010</strong></td>
<td><strong>16,200</strong></td>
</tr>
<tr>
<td>Trade notes &amp; accounts payable</td>
<td>3,180</td>
<td>2,980</td>
<td>2,990</td>
<td>3,360</td>
</tr>
<tr>
<td>Interest-bearing debt</td>
<td>4,790</td>
<td>4,970</td>
<td>5,000</td>
<td>4,320</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>5,130</td>
<td>5,000</td>
<td>4,970</td>
<td>5,060</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>13,100</strong></td>
<td><strong>12,950</strong></td>
<td><strong>12,960</strong></td>
<td><strong>12,740</strong></td>
</tr>
<tr>
<td>Minority Interests</td>
<td>160</td>
<td>160</td>
<td>160</td>
<td>160</td>
</tr>
<tr>
<td>Common stock &amp; capital surplus</td>
<td>10,460</td>
<td>10,760</td>
<td>10,760</td>
<td>10,760</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>-7,290</td>
<td>-7,950</td>
<td>-7,870</td>
<td>-7,460</td>
</tr>
<tr>
<td><strong>Total stockholder’s equity</strong></td>
<td><strong>3,170</strong></td>
<td><strong>2,810</strong></td>
<td><strong>2,890</strong></td>
<td><strong>3,300</strong></td>
</tr>
<tr>
<td><strong>Tot. Lia., Min. Int. &amp; SH equity</strong></td>
<td><strong>16,430</strong></td>
<td><strong>15,920</strong></td>
<td><strong>16,010</strong></td>
<td><strong>16,200</strong></td>
</tr>
</tbody>
</table>

### 'FY04～FY07 Cash flow forecast

<table>
<thead>
<tr>
<th></th>
<th>FY04</th>
<th>FY05</th>
<th>FY06</th>
<th>FY07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating act.</td>
<td>-450</td>
<td>10</td>
<td>1,050</td>
<td>1,620</td>
</tr>
<tr>
<td>Cash flows from investing act.</td>
<td>-640</td>
<td>-1,220</td>
<td>-1,150</td>
<td>-1,120</td>
</tr>
<tr>
<td>Cash flows from financing act.</td>
<td>1,830</td>
<td>480</td>
<td>30</td>
<td>-680</td>
</tr>
<tr>
<td><strong>Cash flow total</strong></td>
<td>740</td>
<td>-730</td>
<td>-70</td>
<td>-180</td>
</tr>
</tbody>
</table>
Conclusion

Takashi Nishioka
Chairman & CEO
All statements herein, other than historical facts, contain forward-looking statements and are based on our forecasts, expectations, target, assumptions, plans and evaluation as of the date hereof. Any expected number is calculated or obtained based on certain assumption. Forward-looking statements involve inherent risks and uncertainties. A number of significant factors could therefore cause actual results to differ from those contained in any forward-looking statement. Such significant factors include, but not limited to:

- feasibility of each target and initiatives as contemplated by the Mitsubishi Motors Revitalization Plan;
- any material adverse affects by any product quality problems in the past and future of our group and of Mitsubishi Fuso Truck & Bus Co., Ltd. (“MFTBC”) that was spun off from us and by any civil proceedings, recalls, administrative or criminal sanctions that may be brought or executed relating thereto;
- possible fluctuations in interest rates, exchange rates and oil prices;
- possible changes in laws, regulations and government policies; and
- general economic conditions in Japan and overseas

It should be noted that potential risks and uncertainties are not limited to the above and that we undertake no obligation to update the information in these statements to reflect any development or event in the future.
Appendix
Revitalization Plan Development Process

2004
- June: Corporate Restructuring Committee established
- July: Interview Phase
- August: Extraction of Issues
- September: Development of measures in response to environmental changes in/outside Japan
- October: Cross Functional Team (CFT) Activities
- November: Drafting / Verification of Hypothesis
- December: Oct. 6 Interim Report

2005
- January: Policy Review Meetings
- Press Release
- Establishment of Execution Structure
- Jan. Press Release
- Execution and Monitoring of Revitalization Plan

Domestic/Overseas Interviews (over 350 interviewees)
- Employees
- Dealers
- Procurement Partners

In-house data
- Customer surveys, etc.

Questionnaire Survey (over 14,000 employees)
- MMC
- PMC

Governance reform
Individual tasks
Creation of Business Revitalization Action Plan

CFT#1 Brand/products deployment
CFT#2 Product appeal and sales strength
CFT#3 Customer relation
CFT#4 Volume projection process
CFT#5 Quality management
CFT#6 Development, Design, Procurement
CFT#7 Production
CFT#8 Logistics
CFT#9 Corporate culture reform

Dec. 3 final Recommendation

Business Revitalization Follow-up Team
## Strategic Direction of Mitsubishi Motors (overview)

### Corporate Philosophy
MMC is dedicated to responsibly providing customers and society with driving pleasure and assured security.

### Stakeholders

| Customers           | Optimization of lifetime customer satisfaction  
|                    | Brand establishment in driving performance, handling, safety and durability |
| Stockholders and Creditors | Effective globalization  
|                    | Sustain continuous development  
|                    | Ensure stable revenue and profitability |
| Employees          | Recovery of enthusiasm and pride |
| Procurement Partners Sales Co. / Dealers | Building firm partnership |
| Society            | Continuous consideration of environment |

### Measures

- **Customers**
  - Strengthen linkages with customers
  - Ensure sense of security (new maintenance package, introduction of new maintenance service with extended warranty)
  - Quality improvement by utilizing CSI in customers’ perspective (exceeding quality)
  - Development and deployment of motorsport technologies to all models

- **Stockholders and Creditors**
  - Strengthen global models
  - Emphasis on growing markets, such as ASEAN
  - Continuous development through tie-ups
  - Ensure the thoroughness and responsibilities of business management
  - Focus on cost reduction
  - Equity enhancement

- **Employees**
  - A structure which solves problems in a cross-functional style

- **Procurement Partners Sales Co. / Dealers**
  - Procurement partners’ early participation to development process
  - Strengthening of cooperation with dealers

- **Society**
  - Continuous development of electric-powered vehicles, etc
  - Promotion of environmentally conscious activities throughout the product life cycle, from development to disposal

**Japan**
Corporate Philosophy and Three Management Principles

Mitsubishi Group

“Sankoryo” - The Three Principles

MMC is dedicated to responsibly providing customers and society with driving pleasure and assured security.

Corporate Philosophy

MMC’s basic policy is to cherish our customers, pursue safety, and implement compliance.

Ensure transparency by disclosing information fully to all our stakeholders.

Clarify the responsibilities of management and achieve our management objectives.

Management Commitments

“Shoki hoko” - Corporate Responsibility to Society

“Shoji komei” - Integrity and Fairness

“Ritsugyo boeki” - Global Perspective
Mitsubishi Motors Car-making

“Simplicity and Fortitude”
(Driving Performance, Handling, Safety, Durability)

Sporty DNA

SUV DNA
**Improve Customer Satisfaction**

<table>
<thead>
<tr>
<th>Build the Foundation</th>
<th>Voice of Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Strengthen the service quality</td>
<td>Measures to improve customer satisfaction</td>
</tr>
<tr>
<td>● Increase the dealer service productivity</td>
<td>MMC will unite and work on the measures established in the regular meetings held by board members</td>
</tr>
<tr>
<td>● Strengthen the foundation of CRM (Customer Relationship Management)</td>
<td></td>
</tr>
<tr>
<td>● Strengthen the used-car business</td>
<td></td>
</tr>
<tr>
<td>● Improve the mix of parts and accessories available</td>
<td></td>
</tr>
</tbody>
</table>

| Strengthen customer relationships | |
|----------------------------------| |
| ● Execute programs to better link with customers over the internet | |
| ● Promote continuous communication with customers | |

| Offer attractive high-value added service | |
|---------------------------------------------| |
| ● Offer new extension warranty services with conditions such as vehicle check-in for inspection | |
| ● Introduce Mitsubishi Assist 24-hour roadside and reminder service* | |

* Vehicle checkup services during customer visits, vehicle checkup notification indicator light on the instrumental panel
Quality Improvement Measures (New MMC Standard)

New MMC Standard

Customers' Perspective

Service
- Service
- Communication
- Inspection/repair cost
- Repair technology
- Design
- Price
- Performance, functions
- Safety, Environment

Product

Measures to ensure new MMC standard

Ensure Sincere Correspondence
- Enhanced customer support at dealers

Assure Sense of Security to Customers
- Extended warranty service

Improve Product Reliability
- Thorough inspection of security standard

Pursue MMC’s style
- Sharing quality target within the company and monitoring

Base Quality

Exceeding Quality

Appealing Quality
Satisfying Quality
Complaints/Troubles

Base Quality
Exceeding Quality
Introduction of Management and Managerial Accounting to Clarify Authorities and Responsibilities:
3-D Management by Market-axis, Functional-axis, Model-axis

Regional Operations Group HQ
- Domestic Operations Group HQ
  - Japan
- Overseas Operations Group HQ
  - N.A.
  - Europe
  - N. Asia
  - ASEAN
  - Australia
  - NZ
  - S. America
  - M. East

Development
Procurement
Production
Logistics
Quality Control
Sales

Product Operations Group HQ
- PX (Product Executive)
  - Responsible for final P/L
  - Responsible for functional optimization
  - Generate a positive confrontation and work with mutual supervision

Line functions
Functional Axis
Model Axis
Radical Reformation of Subsidiaries:
Strengthening of Matrix Management in Headquarters

- **CEO**
- **COO**

Subsidiaries

**Product Operations**
- Group HQ
- Development/Procurement
- Production & Distribution
- Quality Control
- Financial Group HQ/
  Corporate Office
- Sales
- Quality Affairs Office
- CSR Promotion Office

**Primary Management Dept.**

**Compliance**
- Aware of compliance situation.
  Manage, advise, plan and implement measures in a cross-functional style

**Financial Health**
- Understand and manage the P/L and financial health (including consolidation) across the company

**Functional operation**
- Plan and implement measures to achieve global optimization, support primary management department

**Cross-management of subsidiaries**