



New Mid-term Business Plan Step Up 2010

Mitsubishi Motors Corporation

Feb. 29, 2008

- A review of the Mitsubishi Motors Revitalization Plan: 1
- A review of the Mitsubishi Motors Revitalization Plan: 2
- A review of the Mitsubishi Motors Revitalization Plan: 3
- Positioning of the New Mid-term Business Plan (FY2008-FY2010)
 - The focus of Step Up 2010
 - Bolstering our strengths : Areas
 - Bolstering our strengths : Product
 - ▶ New product launch plan
 - Bolstering our strengths : Environmental technology
 - ▶ Meeting European CO2 targets
 - Alliances
 - Sales volume targets
 - Improving global production efficiency
- Regional strategy
 - ▶ Japan, North America, Europe (Western and Central)
 - ▶ Focus markets and others
- Activities for improving profitability
- FY2010 targets
- Profit breakdown: FY2007 vs. FY2010
- Capital expenditure, R&D expenditure
- Financial strategy
- Continuing and enhancing compliance and CSR activities
- HR strategy
- i MiEV: Next-generation electric vehicle

Reforming corporate culture and building solid profitability

Support from Mitsubishi Heavy Industries, Mitsubishi Corporation, Bank of Tokyo Mitsubishi UFJ
(finances, personnel)

Recover trust

- ▶ Breaking away from past corporate culture
 - Pervasive awareness and practice of compliance
 - Work to improve quality
 - Thorough implementation of 'Customer First'
- ▶ Social contribution (Kidzania, The Pajero Forest)
- ▶ Business Ethics Committee, made up of external experts



**Positive
evaluation by
the Business
Ethics
Committee**

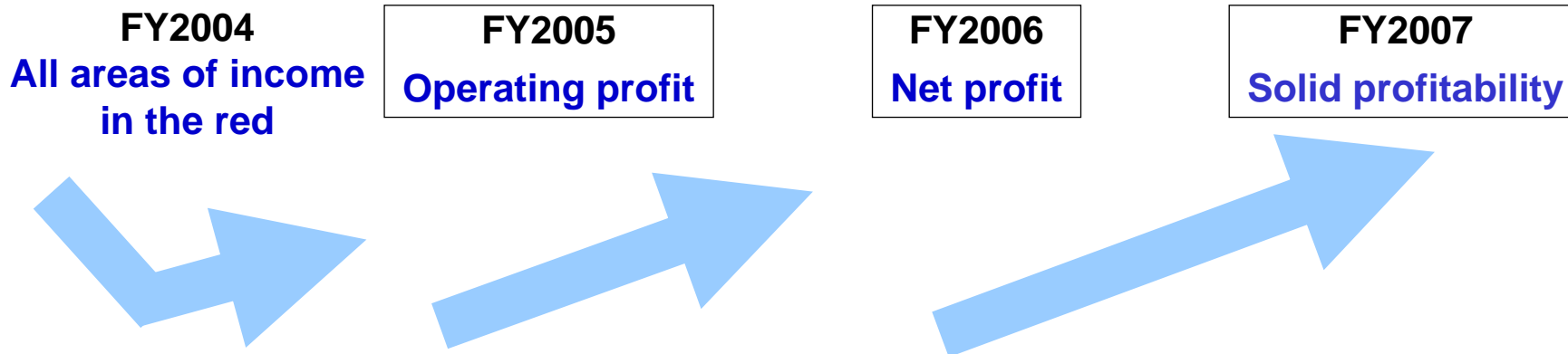
Restore earnings

- ▶ Expand the number of global models
- ▶ Restructure the sales network
- ▶ Boost capacity utilization at domestic facilities
- ▶ Rationalize production overseas
- ▶ Strengthen and expand alliances
- ▶ Slim down MMC Group from 200 to 112 companies



**Building solid
profitability**

In FY2005, operating profit was achieved one year early
 In FY2006, net profit was achieved
 In FY2007, solid profitability will be achieved

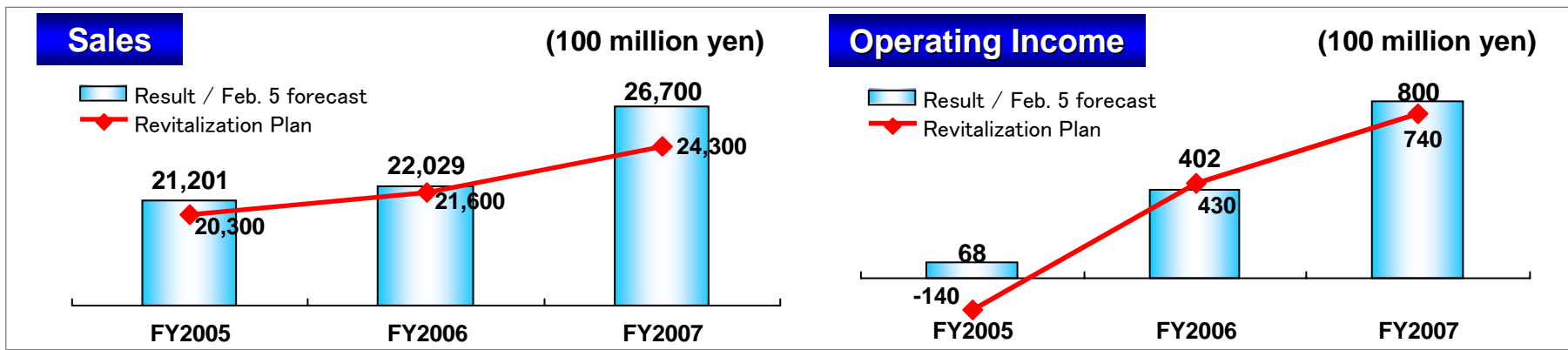


(100 million yen)

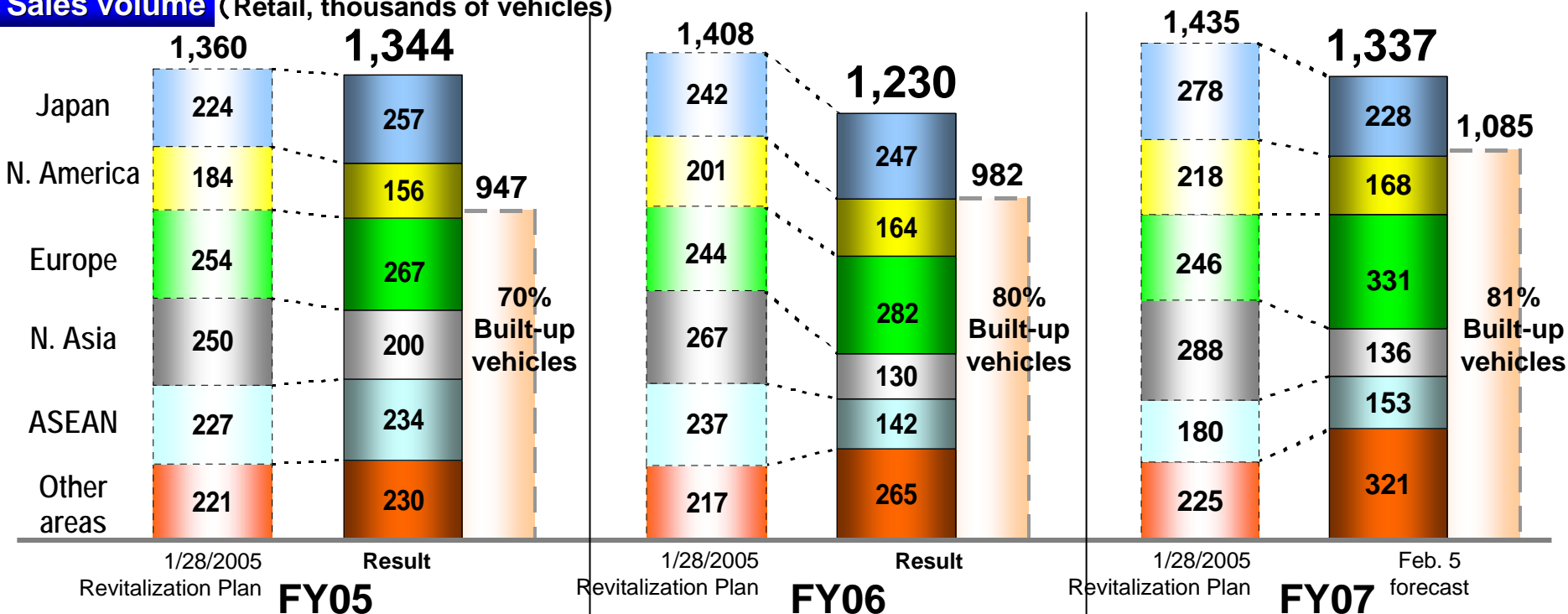
	FY05 Result	FY06 Result	FY07 Forecast (Announced Feb. 5)
Operating income	68 (Revitalization Plan:-140)	402 (Revitalization Plan:430)	800 (Revitalization Plan:740)
Ordinary income	- 178 (Revitalization Plan:-400)	185 (Revitalization Plan: 210)	600 (Revitalization Plan:530)
Net income	- 922 (Revitalization Plan:-640)	87 (Revitalization Plan:80)	200 (revitalization Plan:410)

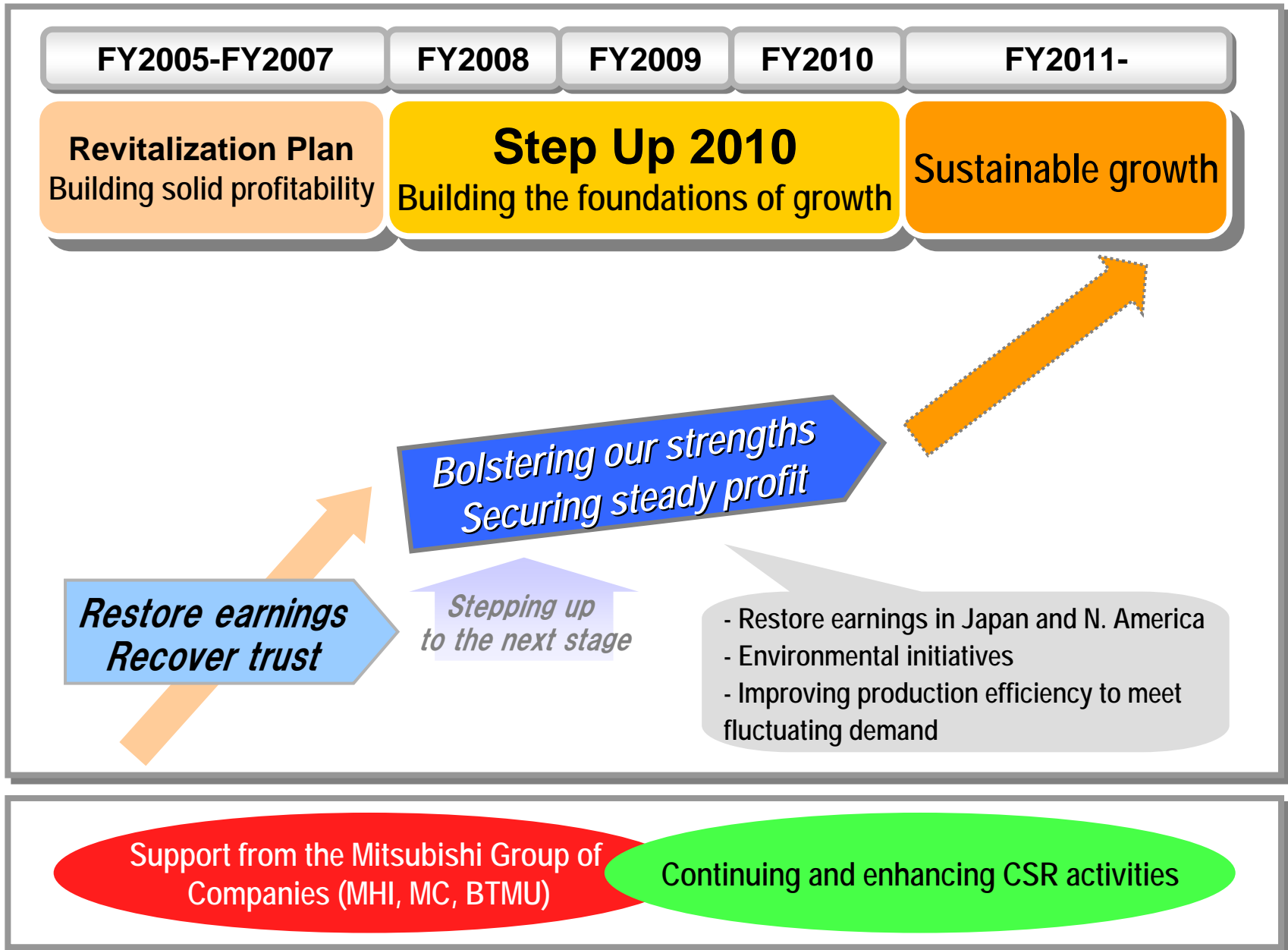
A review of the Mitsubishi Motors Revitalization Plan: 3

Growth in emerging markets, successful global vehicles fuel revitalization



Sales volume (Retail, thousands of vehicles)





The focus of Step Up 2010

A balance between...

Bolstering our strengths

&

Securing steady profit

Expand models and sales volume in 'focus' markets

Ensure steady profit through cost reduction and 'value chain' enhancement

Improve production efficiency to meet global strategic needs

R&D into leading-edge environmental technologies

+

Investment for the foundation of sustainable growth

Building the foundations of growth

Increase sales in 'focus' markets, competitiveness in mature markets

Strategy		Mature markets			Focus markets				
		Japan	N. America	W. Europe	Russia Ukraine	Middle East	Brazil	China	India
Minicars / small cars		◎	○	◎	○	○	○	○	○
Mid-sized passenger vehicles		◎	◎	◎	◎	◎	◎	◎	◎
SUV		○	○	○	◎	◎	◎	◎	◎
Environment	Environmental Tech Clean diesel, TC-SST	◎	◎	◎	○	○	◎	○	○
	i MiEV	◎	○	○					

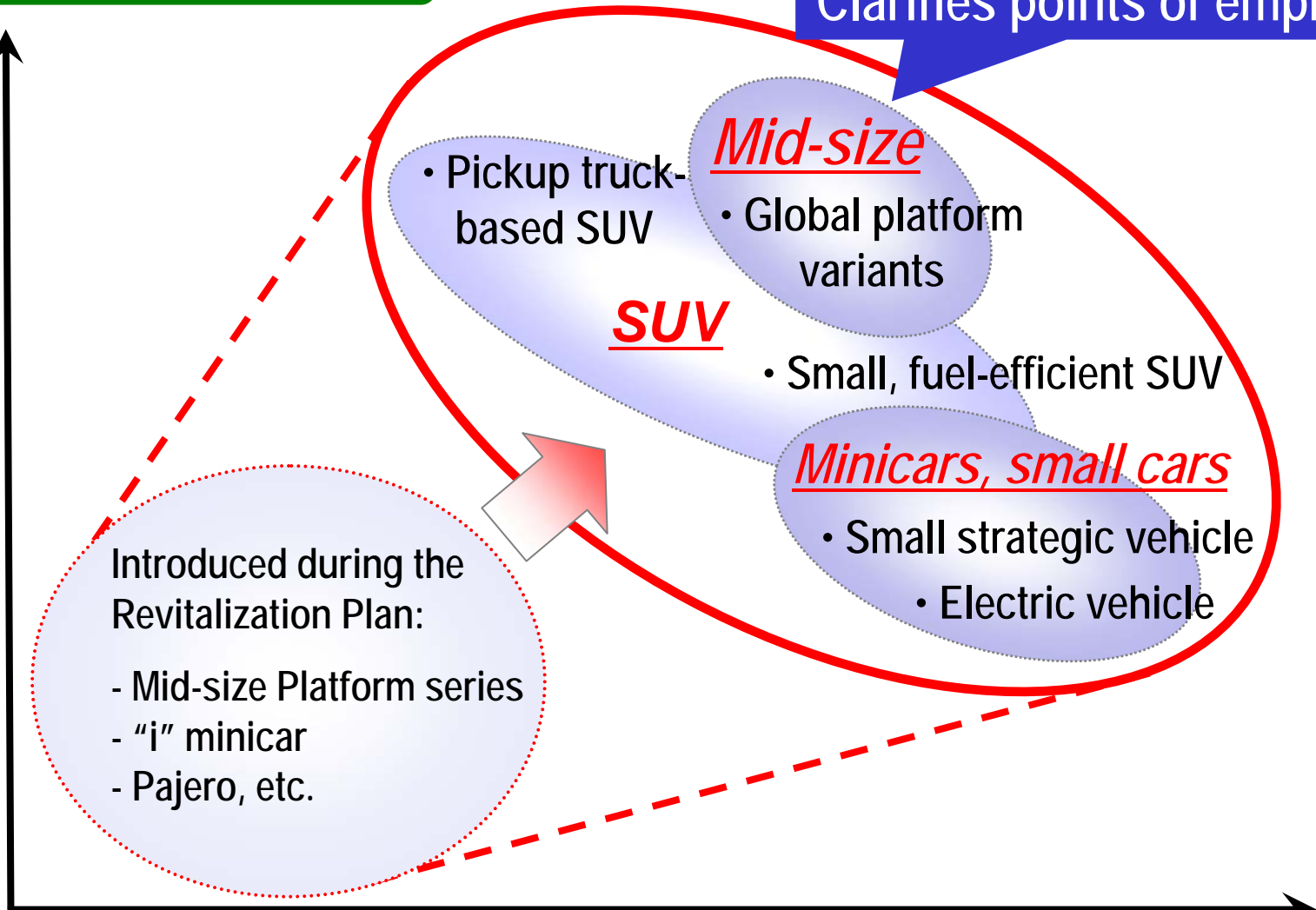
◎ : Emphasis

Increase sales volume

Product direction

Step Up 2010
Clarifies points of emphasis

Financial responsibility



Environmental responsibility

Expanded sales of global models through 'bolstering our strengths'

Strengthened segment

Financial responsibility

- Expand number of mid-size platform models
- Add SUV based on one-ton pickup

Mid-sized passenger vehicles

SUV

Environmental responsibility

- Add small, 'lower-impact' SUV
- Adapt minicars for overseas use, add global models
- Bring an electric vehicle to world markets

Minicars, small cars

[Pinnacle technologies]

Industry-leading, unique technologies

- Launch of the i MiEV electric vehicle



MiEV

[Next-generation technologies]

Defining, 'core' technologies

- Clean Diesel (FY2009-)
- Expansion of TC-SST (FY2008-)

**Clean Diesel
Automated Manual
Transmission (TC-SST)**

[Base technologies]

Increasing environmental competitiveness

- **New MIVEC, FFV**
- CVT, high-efficiency transmissions

Alternative fuel compatibility

Improved mileage in gasoline engines
Improved drivetrain efficiency
Reduced weight/improved aerodynamics

Expand new technologies for better fuel economy;
reduce size and cut weight across the lineup

Base technologies

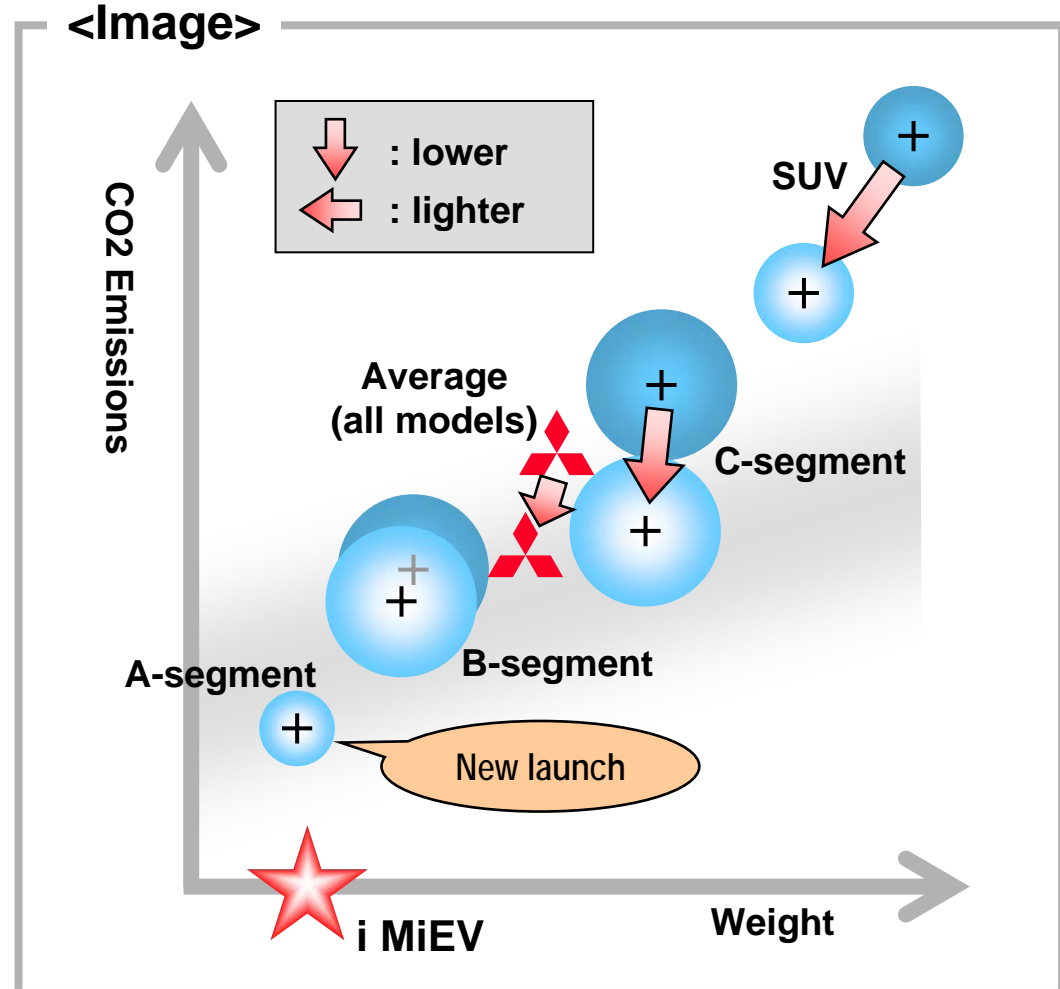
- Idling stop
- Weight reduction
(Goal: Cutting weight in post-2010 models by 10%)

Next-generation technologies

- New clean diesel, etc.
- TC-SST automated manual trans.

'Green leader' models

- Minicars, small cars
- i MiEV (planned)



Expanding collaboration

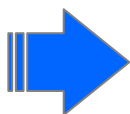
Current collaboration

Models provided	<ul style="list-style-type: none"> • Nissan: commercial minicar, minicar • PSA Peugeot Citroën: SUV • Daimler: Gasoline engine
Models received	<ul style="list-style-type: none"> • [Japan] Mazda: Commercial vehicle • [N. America] Chrysler: Pickup • [Indonesia] Suzuki: Passenger vehicle
Components received	<ul style="list-style-type: none"> • PSA Peugeot Citroën : D/E • Daimler: Gasoline engine, D/E • VW: D/E
Environmental Technology	<ul style="list-style-type: none"> • Joint development of diesel engine with Mitsubishi Heavy Industries • Founded lithium-ion battery venture with GS Yuasa and Mitsubishi Corporation

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FY2008 and beyond

Models provided	<ul style="list-style-type: none"> • [Japan] Nissan: Minicar (Fall 2008) (Pajero Mini)
Models received	<ul style="list-style-type: none"> • [Japan] Nissan: Small commercial vehicle (Fall 2008) (AD/AD Expert)
Under Consideration	<ul style="list-style-type: none"> • Nissan: Cooperation regarding light commercial vehicle based on minicar-class commercial vehicle in Japan and overseas
Future	<ul style="list-style-type: none"> • Expand OEM exchange models • Exchange of provided components

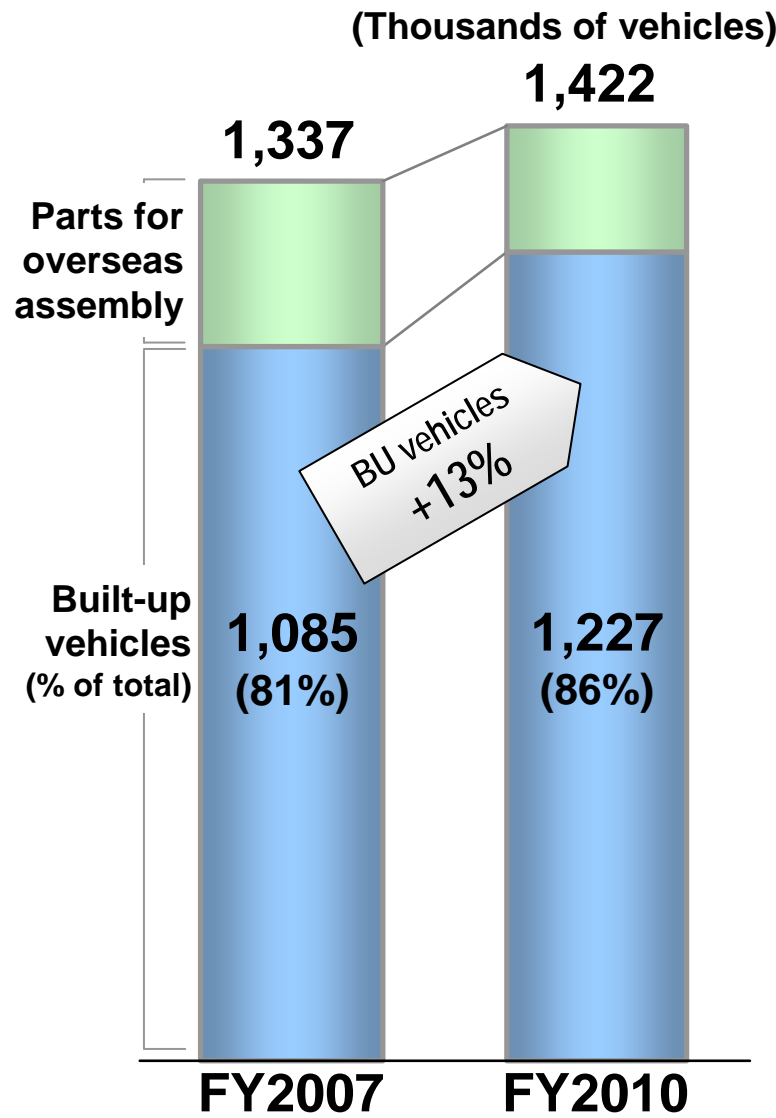
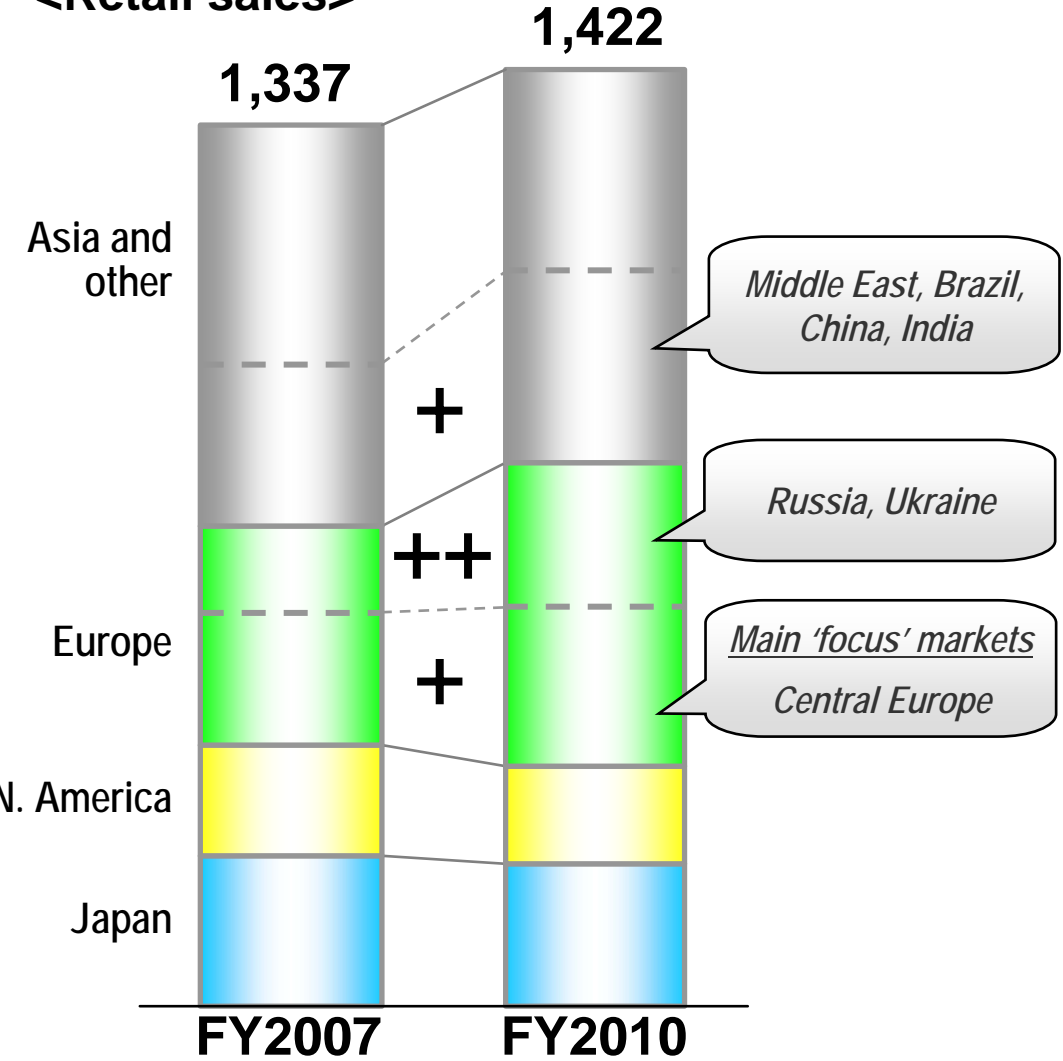


- Better able to meet customer needs thanks to received technology and products
- Production-side benefits including better capacity utilization
- Cut costs (R&D, fixed expenses, equipment investment)

Sales volume targets

Expanded sales in 'focus' markets; volume increase of built-up vehicles

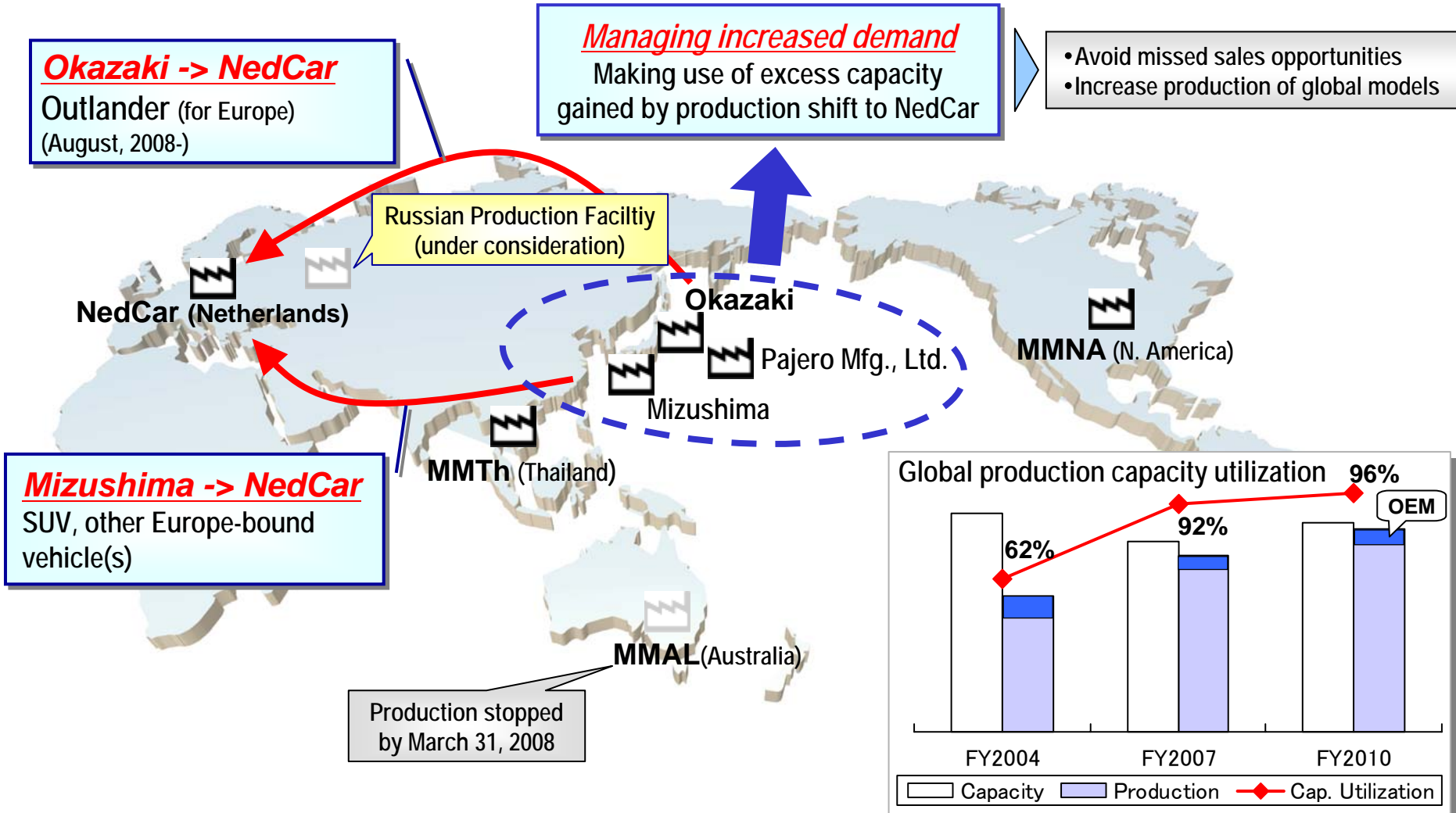
<Retail sales>



Note: Puerto Rico was included as part of N. America through 2007, but will be counted as "Asia and other" in 2010.

Improving production efficiency to meet fluctuating demand

Increasing production of global models by shifting production to consumer markets



Focus on profit because of market maturity;
maximize efficiency across the operation

Basic policy and practices

- **Increasing profitability in new cars**
 - ▶ Launch 'uniquely Mitsubishi' vehicles
 - ▶ Concentrate sales efforts on registered vehicles
 - ▶ Increase percentage of dealership sales
- **Strengthen aftersales, long-term connections**
 - ▶ Improve service products
 - ▶ Increase customer satisfaction through better care and 'people skills'
 - ▶ Increase customer loyalty
- **Increase efficiency of sales structure**
 - ▶ Reduce fixed costs by cutting back-office staff
 - ▶ Build a high-efficiency sales network
(Optimize area coverage across dealer network.)

OEM

- **Collaborative work with Nissan:**
 - ▶ Continue to provide minicars and commercial vehicles
 - ▶ Provide new minicar and receive new commercial vehicle (Fall, 2008)

Bring Japan into the black by 2010

Current status

- Impending market slump in N. America; market uncertainty growing

Sales

Sales network improvements

- ▶ Increase dealer loyalty
- ▶ Improve productivity of dealers

Improving brand value

- ▶ Core-model focused promotions
- ▶ Boost used-car resale value
- ▶ Reduce incentives

Product

Built-up imports

- ▶ **New Lancer series**
Full lineup
(Evolution, Sport Hatchback)

Locally built vehicles

- ▶ Continue to enhance product
(Model refreshes, etc.)

Production

- **Continue to cut cost and slim down operations**
- **Increase export destinations**

Canada

- **First introduction of Lancer Evolution**
- **Expand sales network, build new parts warehouse**

Promoting stability in the operation

Regional strategy: Europe (Western and Central)

Current status

- Maturity in Western European markets; growth in Central Europe
- Market changes and slow SUV sales due to new CO2 tax regulations

Sales operation

Sales improvements

- ▶ Addressing W. European CO2 regulations
- ▶ Strengthen sales network and increase SUV sales in Central Europe

Clearing CO2 regulations

- ▶ Launch small lightweight model; low-CO2 emission models
- ▶ Launch high-performance proprietary diesel
- ▶ Make preparations for possible electric vehicle launch

Product

Built-up imports

- ▶ **Lancer series full lineup**
(Sedan, Evolution, Sport hatchback)

Locally built vehicles

- ▶ **Colt lifecycle management**

Production

- Move production of Europe-bound Outlander and other models to NedCar

Addressing environmental issues;
sales in Central Europe

Strengthening sales in 'focus' markets

'Focus' markets

Russia
Ukraine

- Expand sales network, fill out SUV-based lineup, strengthen partnership with local distributor
- Consider building local production facility

Middle East

- Found company to manage sales, marketing, parts, and service

Brazil

- Expand the locally produced vehicle lineup, including more flexible fuel vehicles

China

- Strengthen sales network handling Mitsubishi branded (built-up imports and locally produced) vehicles

India

- Increase variety of locally produced vehicles (new SUV, etc.)
- Strengthen network mainly in major cities (Delhi, Mumbai)

Other areas

Thailand

- Increase standing as a global export center with new models

Australia

- Focus on and invest in import sales business

Continue processes to secure steady profits Strengthen cooperation across MMC Group

● Process improvement

- Minimize inventory and streamline management
- Strengthen management of global logistics

Cut costs

● Strengthen aftersales in mature markets

- Increase earnings on service
- Increase earnings on parts and accessories

Expand earnings

● Strengthen cost-cutting measures from R&D onward

- Build new procurement structure
- Systemize parts procurement management

Cut costs

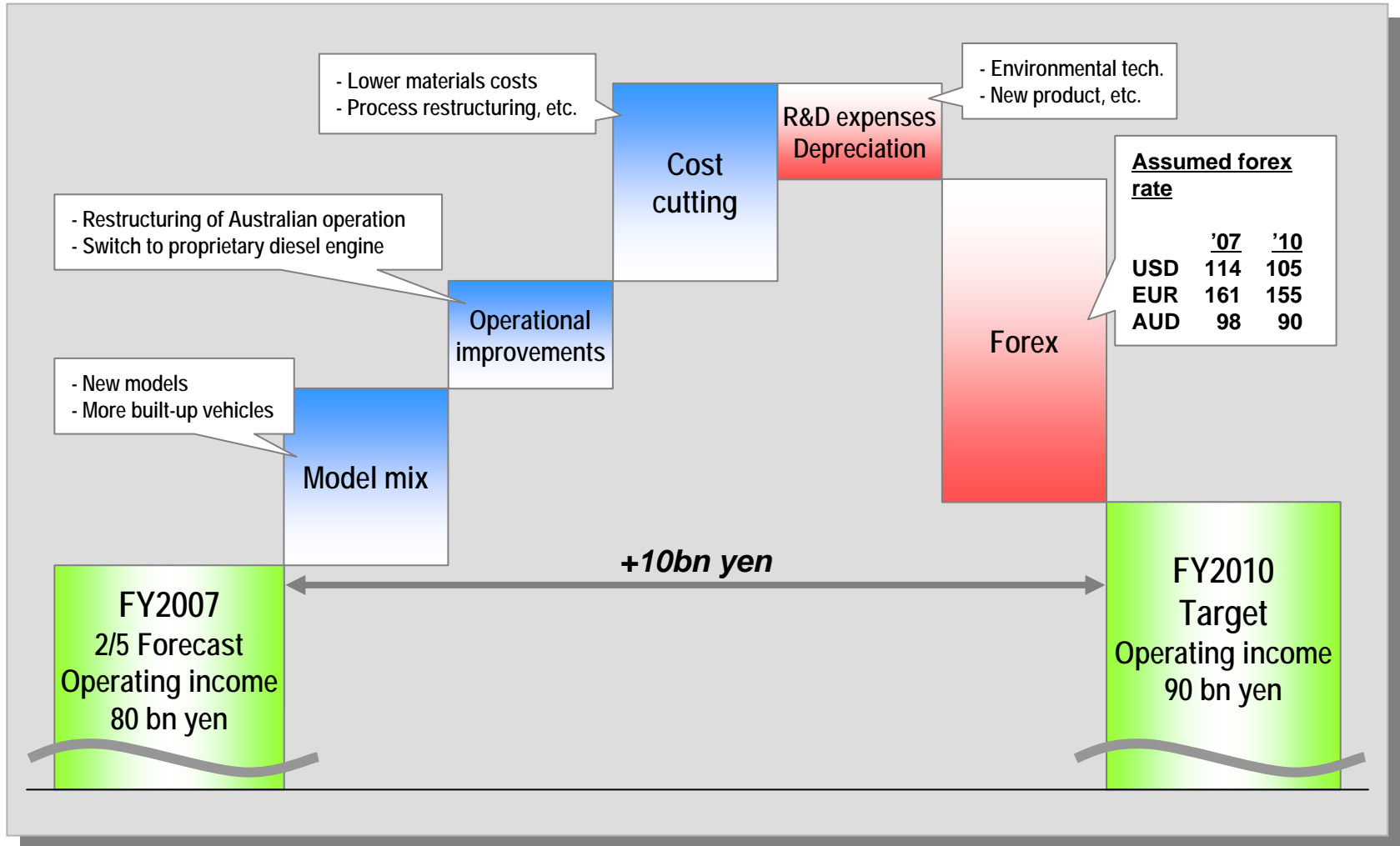
FY2010 targets

(100 million yen, thousands of vehicles)

	FY07 Feb. 5 forecast	FY10 Target
Sales	26,700	27,600
Operating income	800	900
Ordinary income	600	710
Net income	200	500
Sales volume (Retail)	1,337	1,422
Assumed forex rate	114/US\$ 161/EUR	105/US\$ 155/EUR

Note: Sales volume does not include OEM vehicles.

Profit breakdown: FY2007 vs. FY2010



Investment for the foundation of future sustainable profit

Capital Expenditure

84 bn yen / year

90 bn yen / year

Making best use of current assets

- NedCar (Netherlands)

Increase investment in focus areas

- Environment (New paint facility at Okazaki)
- More attractive product (for emerging markets)
- Increase capacity - Improve production efficiency

Average expenditure per year
(FY2005-FY2007)

Average expenditure per year
(FY2008-FY2010)

R&D Expenditure

74 bn yen / year

80 bn yen / year

Maintain
positive
increase

Expand use of distinctive technologies

- Expansion of SUV line - Adapt minicars for overseas - S-AWC - High-cap. TC-SST - FFV

Focus on buildup of environmental tech

- Clean diesel - Mid-cap. TC-SST
- Electric vehicle - Weight reduction of minicar platform

Average expenditure per year
(FY2005-FY2007)

Average expenditure per year
(FY2008-FY2010)

➤ Balance sheet

- Secure funds for capital and R&D expenditures

	March 2007 Result	March 2008 Forecast	March 2011 Forecast
Total assets	17,787	16,000	17,000
Interest-bearing debt	5,038	3,450	3,400

➤ Capital strategy

- Continue deliberations on the future resumption of dividend payments

Toward the mutual benefit of company and society

- Enhance activities to meet social responsibilities
 - Corporate Citizenship Promotion Office founded
- Strengthen governance
 - Build solid structures for internal control

- Business Ethics Committee
 - Continue third-party monitoring


Continue with compliance / CSR initiatives

**Making CSR
our top priority**

Strengthening the personnel base for growth

- **Developing personnel appropriate to our business strategy**
 - **Training global leaders (training and rotation)**
 - **Improving the working environment, securing a variety of personnel**
- **Skills and craftsmanship / Transmission of know-how**
 - **Expand the Monozukuri Dojo educational program overseas**
 - **Accelerate the re-hiring of veteran technicians**

Accelerating the pre-launch quality check process

2006	2007	2008	2009	2010
<p>Joint research with electric power companies</p> 	<p>Early testing</p> <p>Tokyo Electric Power Company, Chugoku Electric Power Co., Inc., Kyushu Electric Power Co., Ltd.,</p>	<p>Fleet testing</p> <ul style="list-style-type: none"> •Tokyo Electric Power Company, Chugoku Electric Power Co., Inc. •Kyushu Electric Power Co., Ltd., Kansai Electric Power Co., Inc. •Hokkaido Electric Power Co., Inc., Okinawa Electric Power Co., Ltd. <p>➤ Plans for overseas fleet testing</p> <ul style="list-style-type: none"> •N. America: Considering joint fleet testing with electric power company •Europe and other areas: under consideration 		
		<p>➤ Founded battery company Lithium Energy Japan (Dec. 2007)</p> <ul style="list-style-type: none"> • Investors: GS Yuasa, Mitsubishi Corporation, Mitsubishi Motors • Business: Development, manufacturing, and sales of large lithium-ion batteries • Start of production: Spring, 2009 <p>➤ Found an office to manage MiEV operations within MMC</p>		<p>Launch</p>



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