

**Financial Results for FY2004/Q1  
Progress of Business Revitalization**

**MITSUBISHI MOTORS CORPORATION**

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**August 4<sup>th</sup>, 2004**

# Financial Results for FY2004/Q1

**Hiizu Ichikawa**

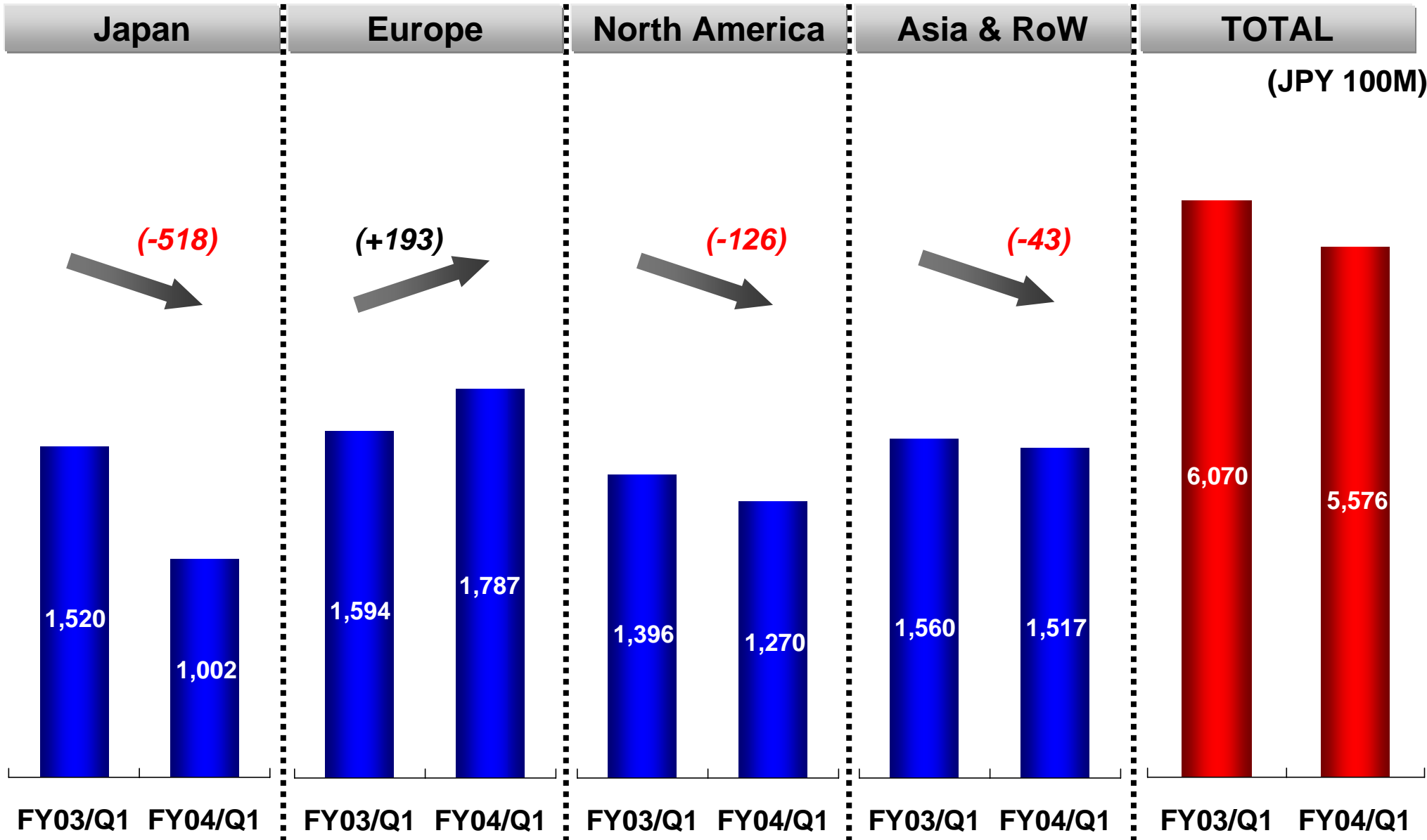
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**CFO**

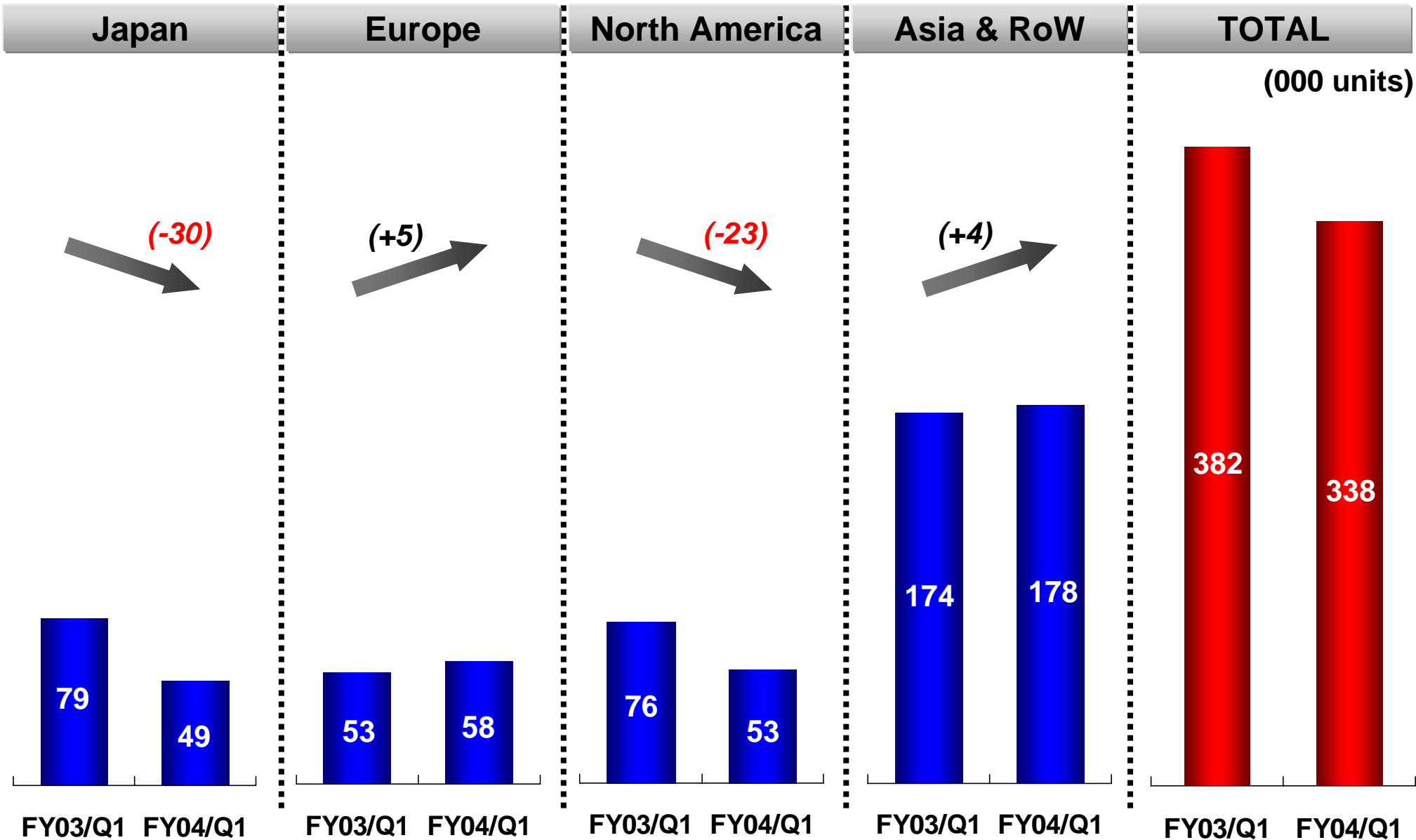
# FY04/Q1 Summary of Financial Results

(JPY 100M)	FY03/Q1 Actual (Reference)	FY04/Q1 Actual	Diff.
<b>Net Sales</b>	<b>6,070</b>	<b>5,576</b>	<b>-494</b>
<b>Operating Profit</b>	<b>-423</b>	<b>-317</b>	<b>+106</b>
<b>Ordinary Profit</b>	<b>-521</b>	<b>-390</b>	<b>+131</b>
<b>Net Income</b>	<b>-511</b>	<b>-547</b>	<b>-36</b>
Exchange (Transaction) Rate US \$ Euro	JPY 121.3/US \$ JPY 126.6/Euro	JPY 107.6/US \$ JPY 126.5/Euro	

# FY04/Q1 Net Sales by Region



# FY04/Q1 Unit Sales by Region (Retail)



# FY04/Q1 Balance Sheet

(JPY 100M)

	<b>FY03 (04/3E)</b>	<b>FY04/Q1 E (04/6E)</b>	<b>Diff.</b>
<b>Total Assets</b>	<b>20,290</b>	<b>19,005</b>	<b>-1,285</b>
<b>Interest-bearing Debt</b>	<b>10,626</b>	<b>7,337</b>	<b>-3,289</b>
<b>(Automotive)</b>	<b>(8,693)</b>	<b>(5,644)</b>	<b>(-3,049)</b>
<b>(Financial Services)</b>	<b>(1,933)</b>	<b>(1,693)</b>	<b>(-240)</b>
<b>Equity</b>	<b>300</b>	<b>2,634</b>	<b>+2,334</b>
<b>Exchange (Closing) Rate</b>	105.7 円/US \$ 128.9 円/Euro	108.4 円/US \$ 131.1 円/Euro	

# Progress of Business Revitalization

**Hideyasu Tagaya**

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**President & COO**

**MMC is steadily progressing towards its self-revitalization. We have received the understanding of many parties regarding our revitalization plan, allowing us to shore up our financial base.**

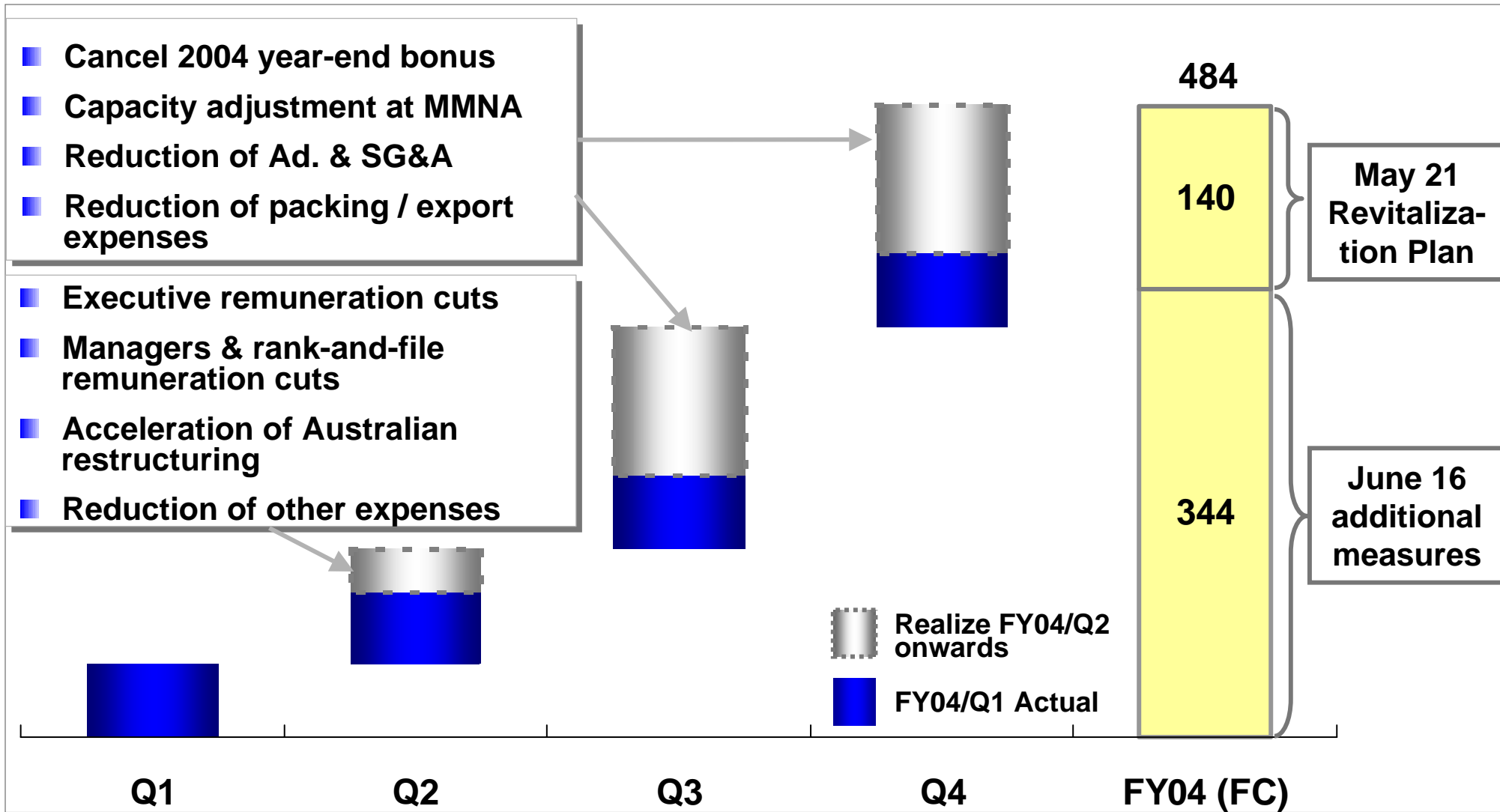
**I will take the lead in all our operations to deliver cars that offer our customers peace of mind.**

**And I promise that MMC will turn into a healthy company you can trust by fully realizing the measures outlined in the plan.**

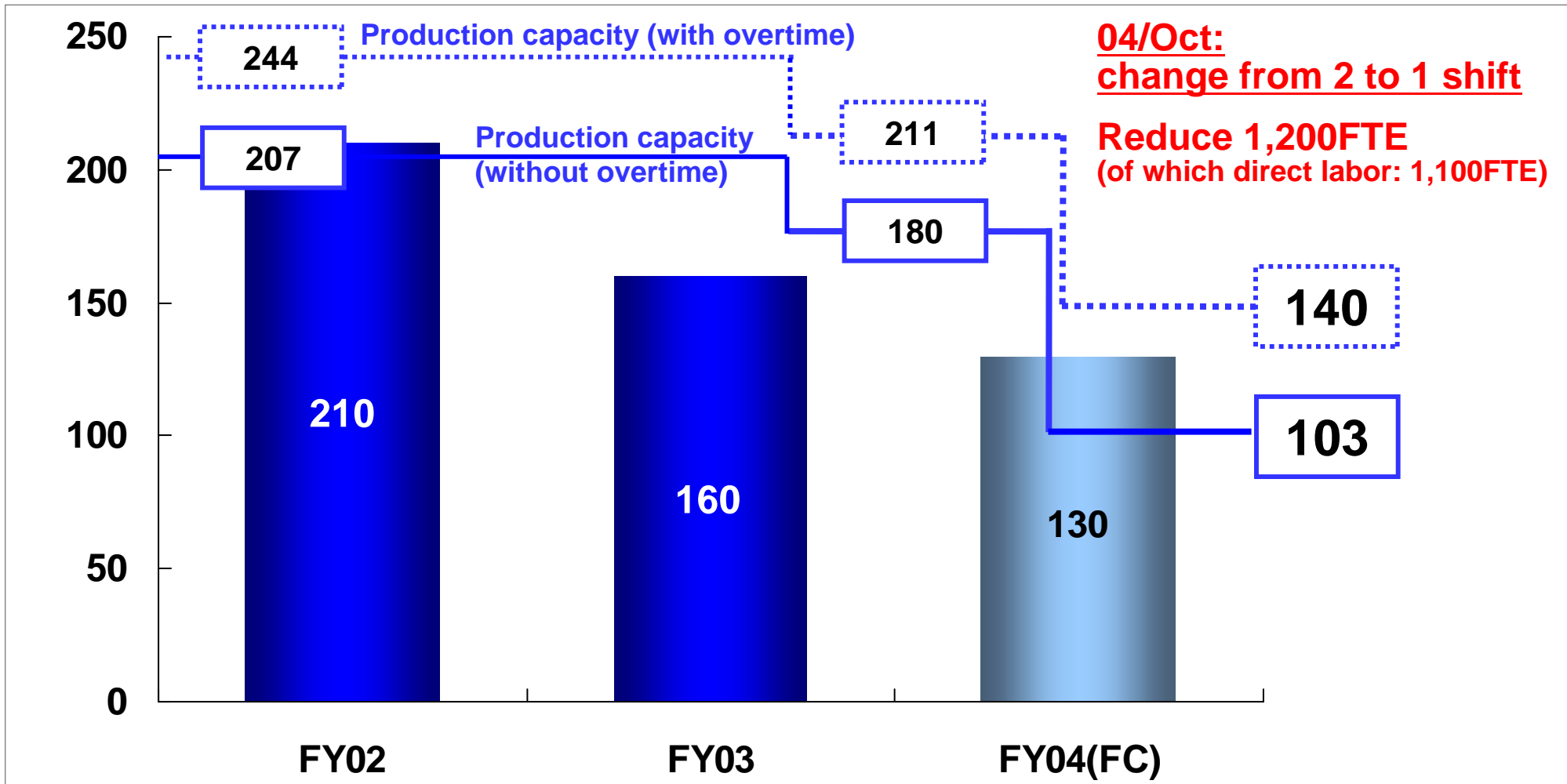
	Initiatives	Targets	Effect in FY04
Revitalization Plan (May 21)	<ul style="list-style-type: none"> <li>■ Reduction of production capacity                             <ul style="list-style-type: none"> <li>- Consolidate 3 domestic plants into 2</li> <li>- Capacity adjustment of MMNA (US)</li> <li>- Close MMAL (Australia) engine plant</li> </ul> </li> <li>■ Reduction of indirect labor</li> <li>■ Platform consolidation</li> </ul>	<p style="text-align: center;">- 17%</p> <p style="text-align: center;">- 30%</p> <p style="text-align: center;">15→6</p>	<p><b>14 billion yen</b></p>
	<ul style="list-style-type: none"> <li>■ Material cost reduction</li> <li>■ Reduction of sales expenses</li> </ul>	<p>- 15%</p>	<p><b>41 billion yen</b></p>
	<ul style="list-style-type: none"> <li>■ Reduction of labor cost, expenses, etc.</li> </ul>		<p><b>34.4 billion yen</b></p>

**Additional  
Measures  
(June 16)**

## Steady implementation of each initiative for self-revitalization

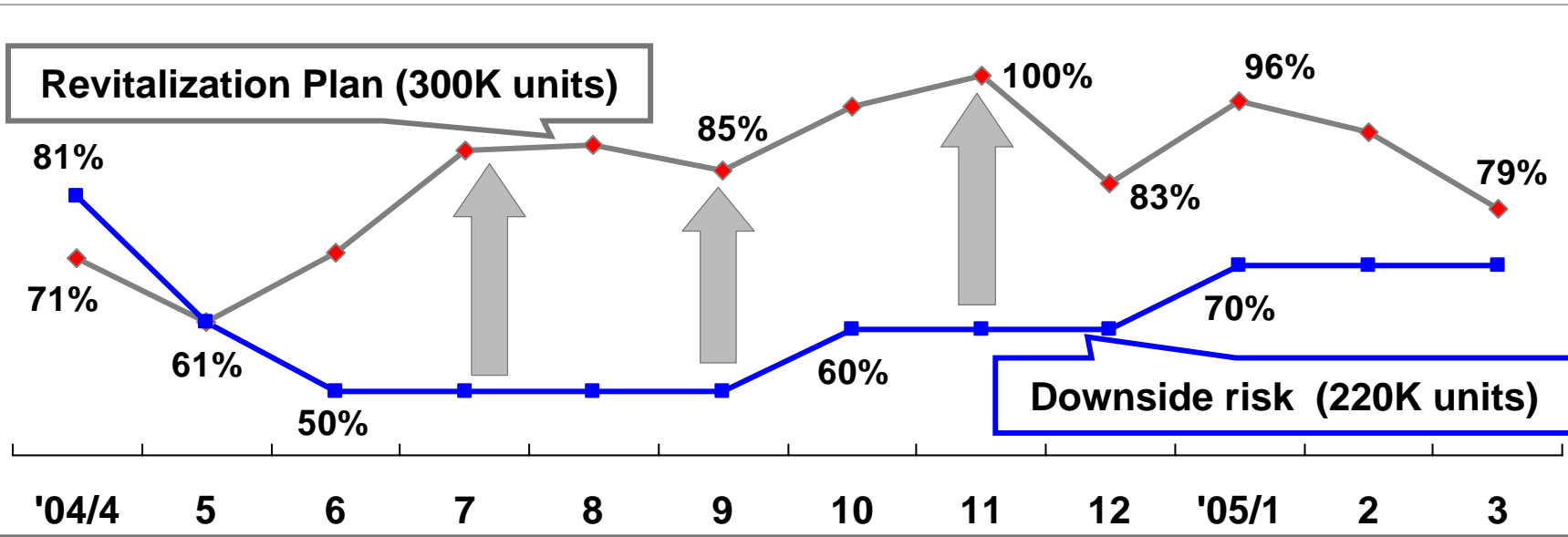


## Balance sales and production capacity as a part of sales normalization process



## Building up domestic sales base with a solid focus on customers

Sales Plan  
(yoy)



Measures to restore credibility

Uncover all repair directives

### Special measures

- Free vehicle inspections
- 3-year full support
- Dealer service during summer holidays
- Dealer support

### Additional measures

- Free vehicle inspections
- 3-year full support
- Dealer support

Colt derivative, special models

## Each initiative broken down into action plan

### Production capacity adjustment

Adjust MMNA production, moving from 2-shift to 1-shift production

Oct. 2004

Bring forward completion of mass production at Okazaki plant

FY06⇒Dec. 2005

Reallocation of Okazaki workers, job placement service to neighboring companies e.g. Toyota group

Under implementation

Early retirement at Australian assembly plant

Under implementation

### Material cost reductions

Start-up procurement parts and logistics project

Under implementation

**Ministry of  
Economy,  
Trade and  
Industry  
(METI)**

**【Support to MMC】**

**Application of Industrial Revitalization Law approved on the condition that MMC places top priority on restoring trust**

**⇒Lessen registration license tax of increased equity, and pave the way for low-interest loan from DBJ**

**July 16**

**【Support to MMC-related subcontractors, dealers】**

**Safety-net loan by governmental financial institution**

**Safety-net guarantee No. 2 (guarantee limit doubled)**

**⇒Valid for one year, starting from May 21, 2004**

**May 21**

**July 15**

**Ministry of  
Health,  
Labor and  
Welfare**

**【Support to MMC-related subcontractors, dealers】**

**Support for employment maintenance and reemployment**

**July 30**

# Corporate Restructuring Committee: Milestones

June      July      Aug      Sep      Oct      Nov      Dec      '05/Jan - - -

**Monitoring of implementation of Revitalization Plan, backing for achievement**

## PHASE 1

Issue identification, theme setting, member selection

- Issue analysis thru interview, fact-finding and analyses
- Proposal of CFT topics

## PHASE 2

Cross Functional Team (CFT) to develop and propose action plan

Cross Functional Team

- Reforming corporate governance
- Manufacturing market-oriented products
- Realizing synergies between product appeal and sales strengths
- Creating lifetime customers
- Defining process and commitments for volume projections
- Improving quality management from consumers' perspective
- Eliminating unprofitable models, parts & accessories, and investments
- Establishing an optimum manufacturing system to meet factory floor's call for change
- Optimizing entire supply chain
- Encouraging can-do corporate culture

## PHASE 3

Cooperate with operation function, support and monitoring

Establish and monitor management infrastructure

Each CFT to support and monitor operation function to implement

### Emergency Task Force

- (1)Expense reduction, (2)Support dealer channel, (3)Quality improvement



Constructive Integration into CFT

# **Detailed action plan for restoring trust**

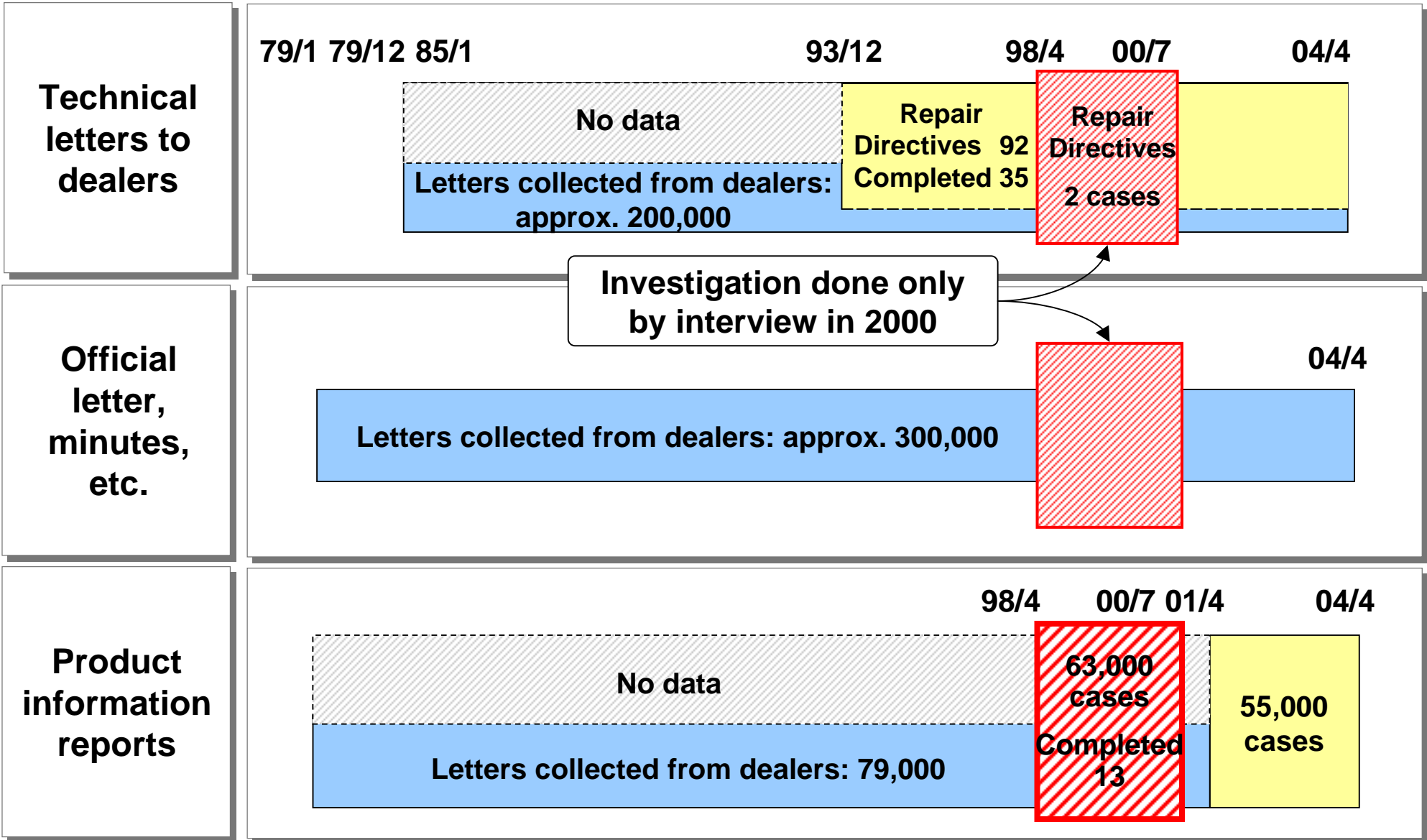
**Koji Furukawa**  

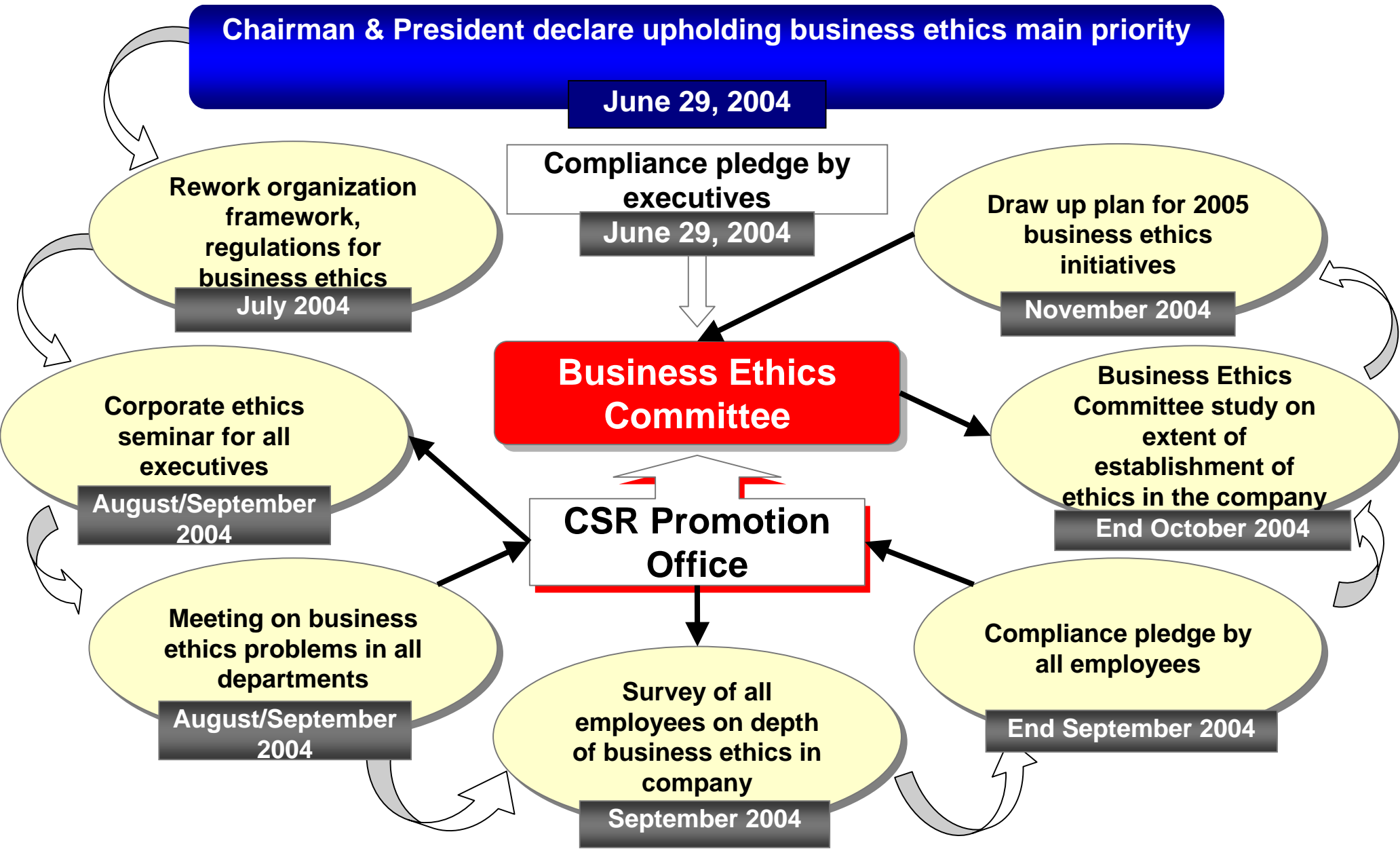
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**Vice Chairman**

# Restoring trust: Extended investigation of repair directives

(  : Letters kept at MMC  : Letters collected from dealers  : Inspected in 2000)





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 MMC 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