Q&A at Investor Meeting Financial Results for the Year Ended March 2015

Presentation Date：May 11, 2015 (Monday) 13:30-15:00

Presenters:
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[Questions and Answers]

(1) Shareholder Returns (Share buybacks, dividends, etc.)

Q. Mitsubishi Corporation generated a large amount of positive free cash flow in the year ended March 2015. Under these conditions, what is your approach to shareholder returns?

A. We will decide on the allocation of capital by looking at the balance between earnings growth, financial soundness and capital efficiency, and the external operating environment. First, we will give top priority to investments aimed at maximizing earnings. Based on this, as one means of improving our ROE, we intend to provide shareholder returns that will be sustainable to the greatest extent possible.
Having considered the allocation of free cash flow after deducting working capital, management has decided to allocate half of this amount to investments in future growth that are aimed at maximizing earnings, and the remaining half to dividends and share buybacks.

Q. What factors were behind the positive free cash flow in the year ended March 2015? What is your outlook for free cash flow in the year ending March 2016?

A. Free cash flow increased mainly due to the recovery of investments primarily in the aircraft-related business. Other contributing factors included higher operating cash flows that mainly reflected strong cash flows from operating transactions and dividend income, as well as an improvement in working capital.
In the year ending March 2016, we anticipate that new investments could be made at a faster pace than the yearly average. In this case, free cash flow could become negative on a single-year basis.

Q. I believe that Mitsubishi Corporation will need to increase its shareholder returns if it is to achieve its ROE target of 12-15%. What is your approach to share buybacks going forward?

A. As set out in New Strategic Direction, we aim to restore our level of ROE by improving our equity, which is the denominator of ROE, in tandem with achieving growth in earnings, which is the numerator of this ratio.

Q. What is your approach to dividends in the year ending March 2016? What will be your approach if the net income forecast is upwardly revised from ¥360.0 billion?

A. Guided by the current dividend policy framework, we plan to pay the performance-based variable dividend for the year ending March 2016 at a payout ratio of 100%. This is in order to minimize the extent of the reduction in dividend payments from the level in the year ended March 2015.
If the net income forecast is upwardly revised, we will flexibly decide on the dividend payout ratio while keeping an eye on any investment opportunities.

(2) Investment Plans and Portfolio Reshaping

Q. How much progress have you achieved toward your growth vision for Mitsubishi Corporation around 2020?

A. In regard to doubling the size of our business, progress in both the resource and non-resource fields has been generally progressing as planned.

Q. What is your investment plan for the year ending March 2016?

A. Under New Strategic Direction, we set the goal of doubling attributable equity production in the resource field. For the year ended March 2015, we have executed investments in delivering projects under execution and selectively developing core assets according to the initial plan. In the year ending March 2016, we plan to continue executing investments in line with this plan. We also plan to proactively make new investments in the non-resource field.

Q. What were your main portfolio reshaping initiatives in the year ended March 2015? And what is your outlook for portfolio reshaping going forward?

A. In the year ended March 2015, portfolio reshaping proceeded faster than we anticipated, as we steadily recovered investments in the aircraft-related business.

In the year ending March 2016, we expect portfolio reshaping to remain on track as planned in New Strategic Direction.

(3) Performance

Q. What is your performance outlook for the resource field in the year ending March 2016?

A. In the year ended March 2015, we were in constraint to record large impairment losses in the resource field, due to the negative impact of weak resource prices, as well as the strategic planning of our partners and other

factors.
For the year ending March 2016, we do not anticipate any large impairment losses at this time.
However, we expect the business environment to remain challenging, primarily due to the negative impact of weak resource prices.

Q. What is your performance outlook for the non-resource field?

A. Excluding the impact of the reversal of impairment losses recorded in the year ended March 2015, we expect the non-resource field to maintain an earnings growth trajectory.

Q. What is your performance outlook for the Energy Business Group in the year ending March 2016?

A. We expect earnings to decline in the Energy Business Group based on falling oil prices, despite the anticipated rebound from major losses recorded in the year ended March 2015.

Q. What is your performance outlook for MDP in the year ending March 2016?

A. We expect earnings at MDP to improve based on the execution of continuous productivity enhancement and cost-cutting measures, as well as the impact of the Australian dollar's depreciation.

(4) Other

Q. What is your approach to the debt-to-equity ratio at present and in the future?

A. During the three years under Midterm Corporate Strategy 2012, our debt level increased, reflecting our proactively executed investments. During New Strategic Direction, we have decided to free up capital for investment by divesting assets. Our current debt-to-equity ratio is generally in line with our plans.